ASX ANNOUNCEMENT
13 October 2009

ANNIVERSARY OF FIRST OIL AT THE GALOC OIL FIELD AND RESERVE STATEMENT

Otto Energy Limited (ASX: OEL) takes this opportunity to provide an overview of operations at the Galoc Oil Field which commenced production on 9 October 2008. Otto owns an 18.78% indirect interest in the Galoc project via its interests in Galoc Production Company WLL (**GPC**).

In its first year of production the Galoc Field has produced over 2.9 million barrels (Otto share 0.5 million barrels), generating approximately US$110 million in gross revenues for the Joint Venture. The most recent offtake of 335,432 barrels was successfully lifted on 15 September 2009 and is scheduled to be followed by another cargo lifting mid October, sold to a repeat buyer.

Since production recommenced at the field in August 2009 production uptime has been approximately 99%. No disconnection of the FPSO was required during the recent typhoons which hit the Philippines and flooded Manila in late September 2009. Improved uptime has been attained following improvements in both mooring and operating practices, from those initially adopted at field start up.

The field is currently producing circa 10,600 bopd from two wells. Options to further improve the up time of the FPSO and mooring and riser system and also for further development drilling, are currently under consideration by the Joint Venture.

The GPC project debt over the Galoc Field of approximately US$40 million was fully repaid from Galoc production revenues during the year. Following repayment of the project debt, Otto received its first distribution of US$2.16 million from GPC in August 2009 and anticipates receiving regular distributions from production revenues moving forward.

Otto has estimated Galoc gross remaining 2P Reserves to be 8.4 million barrels at 30 June 2009 with Otto's share of the Galoc remaining 2P Reserves being approximately 1.46 million barrels. Galoc gross 2C and 1C Contingent Resources are estimated by Otto to be 6 million barrels and 2 million barrels respectively, a significant proportion of which Otto expects to be moved into the Reserves category in the event of a Phase 2 investment decision to develop. Further details in respect to Otto's reserve and contingent resource estimates are outlined in the attached reserve statement

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.
- Phase I exploration drilling in Turkey completed.
- 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, farm-outs, and exploration drilling to offer value creation for investors.

COMPANY OFFICERS

Rick Crabb	Chairman
Jaap Poll	Non exec Dir
Ian Macliver	Non exec Dir
Rufino Bomasang	Non exec Dir
John Jetter	Non exec Dir
Paul Moore	CEO
Emma McCormack	Comp Secretary

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OTTO ENERGY

RESERVE AND CONTINGENT RESOURCE STATEMENT AS AT 30 JUNE 2009

The reserve and resource estimates outlined below represent Otto's net interest in the gross remaining reserve and resource estimates. The petroleum reserve and contingent resources have been estimated by Otto using definitions and guidelines published in the Society of Petroleum Engineers Inc./World Petroleum Congresses/American Association of Petroleum Geologists/Society of Petroleum Evaluation Engineers (SPE/WPC/AAPG/SPEE) Petroleum Resources Management System (March 2007).

Reserves Estimates

mmboe	**1P**	**2P**	**3P**
Philippines - Galoc Field (18.78%)[1]	0.93	1.46	1.96
Turkey - Edirne Licence (35%)[2]	0.27	0.41	0.62
TOTAL	**1.20**	**1.87**	**2.58**

Contingent Resource Estimates

mmboe	**1C**	**2C**	**3C**
Philippines - Galoc Field (18.78%)[1]	0.38	1.13	2.82
Philippines - Calauit Field (85%)	1.45	4.85	12.92
Turkey - Edirne Licence (35%)[2]	0.04	0.09	0.17
TOTAL	**1.87**	**6.07**	**15.91**

Notes:

1. The Philippines "Government Share" of Galoc reserve estimates have been deducted from Otto's net interest. The Government Share has not been deducted from contingent resource estimates as these are not subject to a development plan.
2. Dry gas volumes have been converted to oil equivalent volumes in accordance with international practice via a constant conversion factor of which Otto has adopted six (6) Bcf dry gas to one (1) million barrels of oil equivalent (mmboe).
3. The reserve and contingent resource estimates have been compiled by Mr Craig Martin. Mr Martin is the Chief Operating Officer of Otto and a full time employee. Mr Martin has more than 20 years of relevant experience and is qualified in accordance with ASX Listing Rule 5.11. Mr Martin has consented to the form and context that this statement appears.

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