30 September 2010

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

By E-Lodgement

OTTO ANNUAL REPORT

Otto Energy Ltd (ASX: OEL) advises that it has released the 30 June 2010 Annual Report, available from www.ottoenergy.com.

Otto's Managing Director Mr Paul Moore said the results reflected the efforts of the company during the financial year delivering upon core business development, asset consolidation and capability growth. "Focus on improving uptime at our core production asset at the Galoc Oil Field and maturing our exploration program in Service Contracts 55 and 69 in the Philippines have resulted in Otto being in a strong business and financial position".

Key metrics at June 30th 2010 in comparison to one year prior are:

Metric	End FY 2010	End FY2009
Cash	A$24.435m	A$13.062m
Annual Production	575,443bbl	428,865bbl
Reserves (2P)	1.05mmboes	1.87mmboes
Galoc Uptime	78%	60%
Exploration activities	2400 km2 3D in SC55 900km 2D in SC69 7 wells in Turkey	3 wells in Turkey

The coming financial year will see Otto pursue, amongst other things:

- Potential for a second phase of development at Galoc involving one or more development wells, a possible facility upgrade and a subsequent potential exploration at Galoc North.
- Processing and interpretation of recently acquired seismic in our Philippine exploration assets and the emergence of a strong prospect and leads inventory by around the end of 2010
- Significant progress towards the drilling of at least one sizeable risk covered SC55 exploration prospect.
- Further consolidation of our asset base into those assets that the Board and management believe will deliver the greatest value impact to shareholders

OTTO AT A GLANCE

- ASX-listed oil and gas company with significant growth potential.
- Production from Galoc Oil Field provides cash flow.
- Edirne gas field in Turkey becomes second revenue-generating asset.
- Opportunity rich with substantial exploration prospects and leads in portfolio.

COMPANY OFFICERS

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

The following is a summary of the key financial results for 2009/10:

	2010 FY A$	2009 FY A$
Statutory loss	(33,304,485)	(57,348,777)
Impairment writedowns	32,924,136	49,431,593
Underlying loss	(380,349)	(7,917,184)

Otto has undertaken impairment writedowns of capitalised exploration expenditure for Service Contract 50 and 51 permits in the Philippines reflecting Otto's view that it is unlikely to recover this carried forward expenditure in future periods in the absence of improvements in farm-out markets.

Following commencement of production from the Edirne licence and subsequent reduction of recoverable reserves, Otto has written down the carrying value of capitalised exploration expenditure.

These non-cash writedowns reflect expenditure from prior and current financial years and do not impact the forward cash generating ability of Otto.

As at 30 June 2010, Otto had cash reserves of over $34 million which support the ability to execute planned activities to be undertaken in the coming financial year. Stable production from both Galoc and Edirne will contribute to strengthening Otto's cash reserves and ability to fund further activities in the coming financial year.

Otto has determined that effective 1 July 2010 the group presentation currency will be changed to United States dollars. It is the Boards' understanding that this will provide more useful financial information to users of Otto's financial reports. Quarterly and half-year reports provided in the coming financial year will be presented in United States dollars.

The detailed Annual Report can be accessed from Otto's web site, containing a full analysis of the financial results for the financial year ended 30 June 2010. Regular updates on progress will be provided to shareholders in the current financial year.

Yours faithfully

Paul Moore
Chief Executive Officer

Contact:
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