OTTO ENERGY

25 October 2010

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

By E-Lodgement

GALOC OPERATIONS UPDATE

Otto Energy Ltd (ASX: OEL) has been advised by operator Galoc Production Company ("GPC") that Galoc oil field production has been shut-in during Typhoon 'Megi' and that Rubicon Offshore International ("ROI"), the owner and operator of the FPSO, has conducted a non-routine disconnection from the mooring and riser system.

GPC has further advised that ROI is in the process of mobilising a support vessel and equipment to the field to ascertain what damage has occurred during the non-routine disconnection and to assist in reconnection of the mooring and riser system. It is expected that it will take at least several weeks to recommence production.

Otto advises that it has met its 2010 production target and produced 427,080 bbls of oil from the Galoc Oil field. There is currently 248,000 bbls of saleable crude oil in the FPSO tanks.

Otto will provide a further update as information becomes available.

Yours faithfully

Paul Moore

Paul Moore
Chief Executive Officer

Contact:
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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.