



06 January 2011

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

By E-Lodgement

DUHAT-1 EXPLORATION DRILLING – SC 51, PHILIPPINES

HIGHLIGHTS:

- **Otto secures a rig contract with DESCO to drill its SC51, Duhat-1 exploratory well**

Otto Energy Ltd (ASX: OEL) is pleased to announce that its subsidiary Norasian Energy Phils., Inc. recently signed a land rig contract with DESCO for exploration drilling in Service Contract 51. DESCO's Rig-1 will be used to drill the Duhat-1 exploratory well in Northwest Leyte on the northern block of the Service Contract.

Barring any unforeseen delays, drilling is expected to commence by early March of 2011 and will take approximately 27 days to complete.

The Duhat-1 well is designed to reach a total vertical depth of 1,000m. It will test the hydrocarbon potential of the San Isidro anticline, primarily in Miocene Tagnacot Formation limestone and sandstone targets where a resource potential has been identified of 1 to 62 million barrels recoverable oil.

The drilling of the Duhat-1 well was approved by the SC51 Joint Venture and the Philippines Department of Energy and will satisfy the work commitment under the 3rd sub- phase of the Service Contract.

Yours faithfully

Paul Moore
Managing Director

Contact:

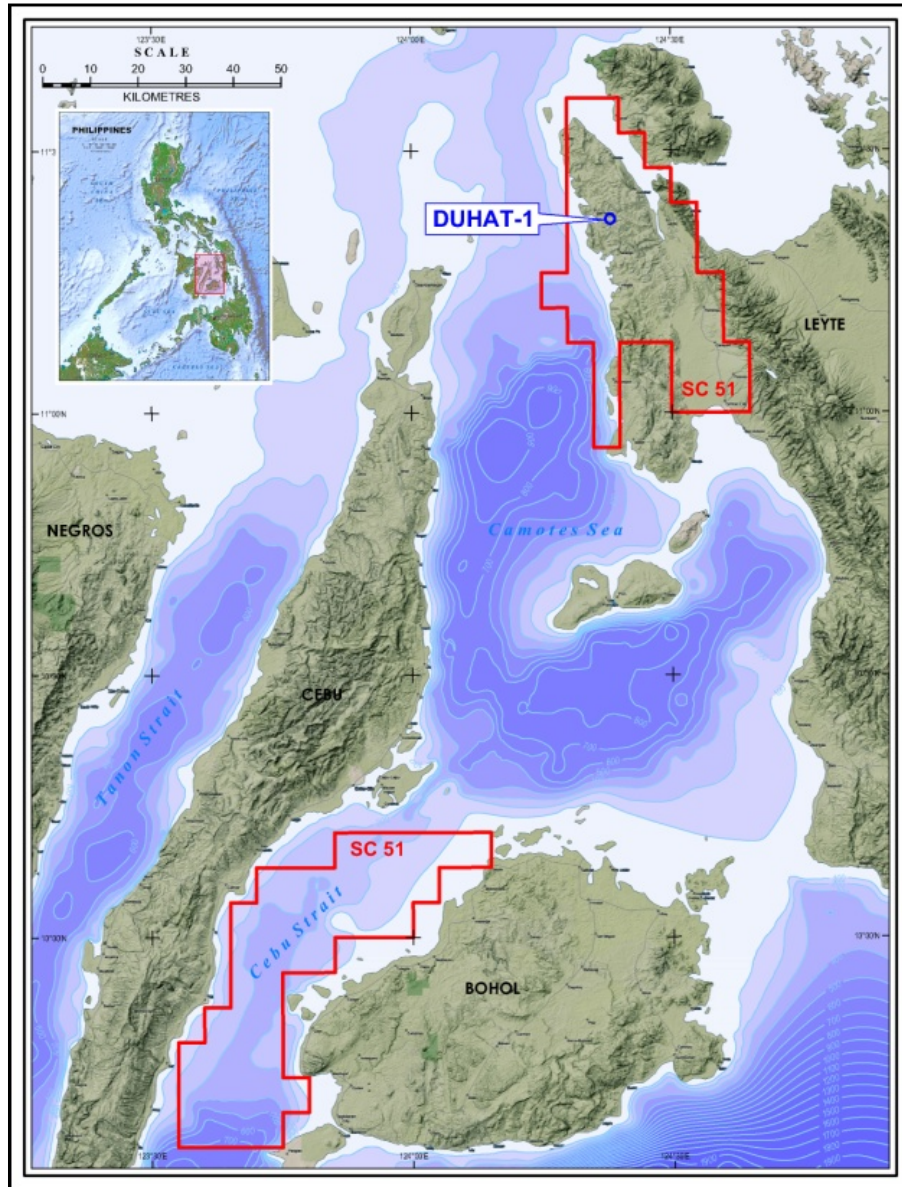
All enquiries are to be addressed to Matthew Allen, Chief Financial Officer on +61 8 6467 8800 or email info@ottoenergy.com

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



Philippines Service Contract 51: Area Map

SC51 Update: Duhat-1 Drilling Q1 2011

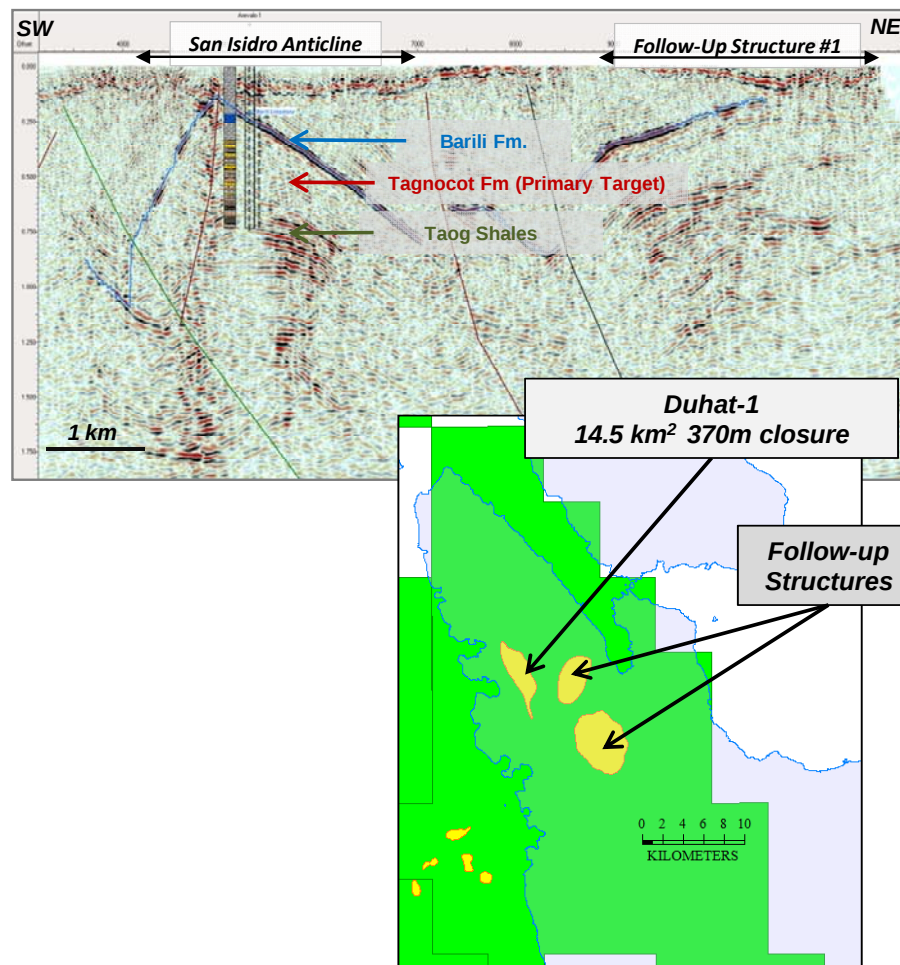


Duhat-1 will be the **first valid structural test conducted on the island of Leyte**, an area of well-known and documented oil seeps.

Duhat-1 Prospect: Drilling the San Isidro Anticline	
Location	On-shore, NW Leyte
Proposed Well Depth	1000m
Area of Closure	14.5 km ²
STOIIP	12-76-263 MMbbls
Source	Upper Oligocene Taog shales (TOC >3%)
Present GPOS	8%
Estimated Spud Date	March 2011

Low cost commitment well with the potential to discover a new hydrocarbon province.

Many adjacent look-alike structures would be tested given success at Duhat. A low cost, high value opportunity.



MATURING
EXPLORATION