OTTO ENERGY

3 February 2011

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

By E-Lodgement

Highlights:

- **Update on farm-down of Service Contract 51, Offshore Visayas, Philippines**

Otto Energy Ltd (ASX: OEL) is pleased to announce that it has today received the contribution of US$1.5m from SWAN Oil and Gas Ltd towards the drilling of the Duhat-1 well in San Isidro, Onshore Leyte in the Philippines.

The agreement has been approved by the SC51 Joint Venture Partners and is currently awaiting Philippine Department of Energy approval.

Otto also provides the following clarification to its release of 18 January 2011 in regards to the farm-down. It should have stated that, among the key terms of the agreement, the SC51 Joint Operating Agreement and Farm-in Agreement have also been amended to allow the Joint Venture Parties, upon their completion of the Duhat-1 onshore well, the option to drill the offshore Argao-1 well in the southern part of the block or a second onshore well in the north.

Yours faithfully

Paul Moore
Managing Director

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.
- 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 Macliver	Director
Rufino Bomasang	Director
John Jetter	Director
Ian Boserio	Director
Matthew Allen	CFO/Coy Secretary