



3 February 2011

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

By E-Lodgement

Highlights:

- **Otto Energy increases equity in exploration blocks SC 55 and SC 69, Offshore Philippines**

Otto Energy Ltd (ASX: OEL) is pleased announce that it has entered into an agreement with joint venture partner Trans-Asia Oil and Energy Development Corporation to increase its equity in two core exploration permits in the Philippines.

Otto will increase equity in Service Contract 55, Offshore Palawan by 8.18% to 93.18% and will carry Trans-Asia's residual equity interest through the drilling of a second well in the permit. As part of the current farm-in arrangement, Otto will carry Trans-Asia through the drilling of the first well.

Otto will increase equity in Service Contract 69, Offshore Visayas by 9.00% to 79.00% for the following consideration:

- Payment to Trans-Asia for Sub-Phase 1 and 2 expenditures relating to the Assigned Interest (currently around US\$308,000)
- Payment of 50% of Trans-Asia's remaining equity share of 6% of expenditure in Sub-Phase 3 comprising the 3D seismic survey expected to be conducted in Q2 2011
- Carry of Trans-Asia's remaining 6% equity share of a well that is to be drilled in either Sub-Phase 4 or 5

In both transactions, if Otto does not elect to drill the required well, the Assigned Equity will be reassigned to Trans-Asia.

Otto's Managing Director Mr Paul Moore said that the increase in equity in these core exploration permits is part of the continued strategy of focusing on these high potential permits. "We are proud to be working with our joint venture partner Trans-Asia in these permits and maturing the exploration towards drilling activities in both permits".

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 MacIver	Director
Rufino Bomasang	Director
John Jetter	Director
Ian Boserio	Director
Matthew Allen	CFO/Coy Secretary