19 April 2011

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

By E-Lodgement

DUHAT-1 WELL SPUDS IN SERVICE CONTRACT 51, SAN ISIDRO, LEYTE, PHILIPPINES

Highlights:

- **Duhat-1 well commences drilling with the official spud announced**

Otto Energy Ltd (ASX: OEL) is pleased to advise that the Duhat-1 well has commenced drilling with the official spud of the well today.

The DESCO Rig-1 drilling unit is being used for the well which is expected to take approximately 27 days to reach target depth of 1,000 metres.

Further background on the Duhat-1 well is provided below.

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 Q2 2011.
- Opportunity rich with substantial exploration prospects and leads in Palawan and Visayan basins.

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

DUHAT-1 WELL BACKGROUND INFORMATION

Service Contract Summary:

- OEL (through its wholly-owned subsidiary NorAsian Energy Ltd) 40% Interest and Operator
- Area 3,320 km2
- Work commitment in the current sub-phase requires drilling of 1 exploration well by July 2011
- This licence has recently been farmed down from 80% Working Interest to 40% to SWAN Oil and Gas Ltd in exchange for a US$ 1.5 mm contribution to the Duhat-1 well, to be drilled Q2 2011

Current Status:

The Duhat-1 well is programmed to reach a total depth of 1,000 metres and will test potential hydrocarbon accumulations within the sandstones of the Miocene Tagnocot formation of the San Isidro anticline. Pre-Spud "success case" volumetric estimates are in the range of 12 to 263 MMbbl Oil Initially in Place with a P50 estimate of 76 MMbbl.

With its programmed total depth (T.D) of 1,000m, the Duhat-1 will be the only modern deep exploration well in northwest Leyte. Hydrocarbon shows in several of the shallow wells drilled in the block and the presence of numerous oil seeps in the area indicate the presence of an active petroleum system. A success at Duhat-1 could be followed-up by additional exploration drilling on nearby look-alike structures.

The minimum reserves volume required for an economic discovery in the area is less than 1 MMbbl recoverable.

Otto Energy successfully executed a farm-out agreement with SWAN Oil and Gas in January 2011 and is now awaiting approval of the Philippine Department of Energy for this assignment.