4 May 2011

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

By E-Lodgement

GALOC RESERVES UPDATE

Key Highlights

- Proven Reserves (1P) have increased by 78% to 0.69 MMboe (Otto share)
- Proven plus Probable Reserves (2P) have increased by 52% to 1.38 MMboe (Otto share)

Otto Energy Ltd (ASX: OEL) is pleased to provide an update on remaining oil reserves balances at the Galoc field as at 1 January 2011.

The Operator and 59.84% participant in the project, Galoc Production Company WLL, in which Otto is a 31.38% shareholder, annually commissions a review on behalf of the Galoc joint venture of the remaining oil reserves balance by independent firm RISC.

RISC has reviewed the Galoc field reserves in accordance with the SPE/WPC /AAPG/SPEE Petroleum Resource Management System (PRMS) definitions, guidelines and auditing standards.

Reported increases in reserves are attributable to better than expected reservoir performance to date and an extension of field life due to higher prevailing oil prices. The Galoc field is expected to continue producing until approximately 2014 to 2018 on the basis of the existing two wells alone.

Contingent Resources of 0.85 MMboe (Otto share) at 2C level are attributable to Galoc Phase 2 development, currently under consideration by the Galoc joint venture.

Otto's Managing Director Paul Moore said "The increased confidence in the Galoc field performance and underpinning reserves is supporting the efforts of the joint venture in progressing towards sanctioning a Phase 2 development, potentially comprising between one and three new wells, in the field".

A detailed breakdown of Reserves is shown on the following page.

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

Yours faithfully

Paul Moore

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

The hydrocarbon reserve and resource estimates are based on information compiled by Mr Nick Pink. Mr Pink has more than 12 years of relevant experience and is qualified in accordance with ASX Listing Rule 5.11. Mr Pink is a full time employee of Otto Energy as its Senior Reservoir Engineer and has consented to the inclusion in the presentation of the information in the form and context in which is appears.

Reserve Changes from previous assessment

Otto Indirect Interest (18.78%)	1P	2P	2C
Reserves 1-Jan-2011	0.69	1.38	0.85
Reserves 30-Jun-2010	0.39	0.91	1.13
Diff	78%	52%	-25%

Reconciliation of 2P Reserves & 2C Contingent Resources

Reserves Reconciliation	**2P**	**2C**
Reserves 30-Jun-2010	0.91	1.13
Reserve Additions	0.65	-0.28
Production	-0.18	0.00
Reserves 1-Jan-2011	**1.38**	**0.85**

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