



18 May 2012

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

## By E-Lodgement

### Highlights:

- Economic Ultimate Recovery (EUR) for the Galoc oil field has increased by 19.7% on a Proven (1P) and 3.5% on a Proven and Probable (2P) basis
- Otto has remaining reserves life of approximately five years on a 2P basis from existing two production wells
- Upgrade in reserves underpins plans for a Phase II development of the Galoc oil field, Final Investment Decision remains on target for mid-2012

Otto Energy Ltd (ASX: OEL) is pleased to provide an update on remaining oil reserves balances at the Galoc oil field in the Philippines as at 1 January 2012.

The Operator, Galoc Production Company WLL, a 100% subsidiary of Otto Energy Ltd, commissions an annual review of remaining oil reserves by independent consulting firm, RISC.

RISC has reviewed the Galoc oil field reserves in accordance with the SPE, WPC, AAPG and SPEE Petroleum Resource Management System 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 oil field is expected to remain in production until approximately 2016 to 2018 on the basis of the existing two wells alone.

Otto Energy estimates Contingent Resources of 1.49 MMboe (Otto share) at 2C level attributable to the Galoc Phase II development, currently progressing through Front End Engineering and Design, with a target Final Investment Decision around mid-2012.

A detailed breakdown of Reserves is shown in Appendix A.

Otto's Chief Executive Officer Mr Gregor McNab said "Galoc oil field continues to be a key asset for Otto Energy, delivering valuable cashflow to fund future growth opportunities. These upgrades to our 1P and 2P reserves confirm our ability to maintain production for several years to come and comes ahead of the anticipated approval for Galoc Phase II around the middle of this year."

### OTTO AT A GLANCE

- ASX-listed oil and gas company with significant growth potential.
- Operator of the producing Galoc Oil Field which provides cash flow.
- High impact offshore exploration program in SC55.
- Opportunity rich with substantial exploration prospects and leads in Palawan and Visayan basins.

### COMPANY OFFICERS

Rick Crabb	Chairman
Ian Macliver	Director
Rufino Bomasang	Director
John Jetter	Director
Ian Boserio	Director
Gregor McNab	CEO
Matthew Allen	CFO/Coy Secretary

Yours faithfully

**Gregor McNab**  
Chief Executive Officer

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**Competent Persons Statement:**

The Reserve and Contingent Resource estimates outlined in this announcement have been compiled by Mr Nick Pink. Mr Pink is the Senior Reservoir Engineer of Otto and a full time employee. Mr Pink has more than 13 years of relevant experience and is qualified in accordance with ASX Listing Rule 5.11. Mr Pink has consented to the form and context that this statement appears.

## APPENDIX A: GALOC OIL FIELD RESERVES AND CONTINGENT RESOURCES UPDATE

Estimated Ultimate Recovery (EUR) and Reserves	1P Proved Reserves	2P Proved and Probable Reserves	2C (*) Contingent Resources	2P & 2C
	MMbbl	MMbbl	MMbbl	MMbbl
EUR at 1 January 2011	10.51	14.73	4.50	19.23
EUR at 1 January 2012	12.58	15.25	4.50	19.75
<b>Change in EUR</b>	<b>19.7%</b>	<b>3.5%</b>	<b>0.0%</b>	<b>2.70%</b>
Cumulative Production to 1 January 2012	8.46	8.46	0.00	8.46
<b>Gross Field Reserves at 1 January 2012</b>	<b>4.12</b>	<b>6.79</b>	<b>4.50</b>	<b>11.29</b>
PSC Contractor Entitlement Reserves at 1 January 2012	3.48	5.73	4.50	10.23
<b>Otto Net Entitlement Reserves at 1 January 2012 (33% working interest)</b>	<b>1.15</b>	<b>1.89</b>	<b>1.49</b>	<b>3.38</b>

(\*) OEL Estimate - not subject to RISC review. 2C Resources will be classified as Reserves upon approval of Galoc Phase II development by the Galoc Joint Venture and Philippine Government.

	1P Proved		2P Proved and Probable		2C Contingent Resource	
	Gross	Net	Gross	Net	Gross	Net
	MMbbl	MMbbl	MMbbl	MMbbl	MMbbl	MMbbl
Entitlement Reserves 1 January 2011	3.68	0.69	7.36	1.38	4.50	0.85
Production	(2.18)	(0.63)	(2.18)	(0.63)		
Acquisitions	0.00	0.43	0.00	0.95	0.00	0.64
Additions	1.98	0.65	0.55	0.18	0.00	0.00
<b>Entitlement Reserves 1 January 2012</b>	<b>3.48</b>	<b>1.15</b>	<b>5.73</b>	<b>1.89</b>	<b>4.50</b>	<b>1.49</b>