

20 June 2013

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

By E-Lodgement

GALOC EXPLORATION DRILLING UPDATE

Highlights:

- **Galoc exploration potential of an additional mean recoverable 12 MMbbls supported by ongoing studies**
- **Galoc Joint Venture elects to defer drilling of Galoc exploration well from current campaign**

Otto Energy Limited (“Otto”) (ASX:OEL), as Operator of the producing Galoc oilfield Joint Venture offshore the Philippines, provides the following update on studies that have recently been undertaken on the further exploration potential at the Galoc field.

Studies undertaken since new high resolution 3D seismic data was acquired in 2012 have supported the potential for a further 12 MMbbls of recoverable oil (mean recoverable success case) from areas not currently under production or planned to be bought into production with the current drilling campaign.

The field has produced over 10 MMbbls of oil with a further 11 MMbbls (1P) and 15 MMbbls (2P) to be developed through the existing Phase I infrastructure and current Phase II development campaign. The near field exploration potential is supported by seismic data acquired and reservoir production history both of which have significantly de-risked further exploration.

The Ocean Patriot drilling rig which has been contracted for the Galoc Phase II drilling campaign is rated to a 400 metre water depth, and is not capable of drilling some of the optimal well locations for a Galoc exploration well. Therefore the Joint Venture has made the decision to defer exploration drilling from this current campaign and will incorporate the results from the Phase II drilling campaign into plans for further exploration drilling.

Otto Chief Executive Officer Gregor McNab said: “The outcome of the Galoc exploration studies has been very positive and reinforces our view that this field continues to outperform expectations. We look forward to progressing drilling of a Galoc exploration well at the preferred drilling location as soon as a suitable rig can be secured. In the meantime, Otto Energy looks forward to safe execution of the Galoc Phase II project, drilling of the Duhat-2 well and acquisition of seismic in our two Tanzanian blocks over the coming months”

OTTO AT A GLANCE

- ASX-listed oil and gas company with a strategy to grow its integrated oil and gas business across exploration, development and production
- Focused on South East Asia and East Africa
- Operator of the producing Galoc oil field in the Philippines, which provides cashflow
- Opportunity rich with substantial exploration prospects and leads

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

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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 14 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.

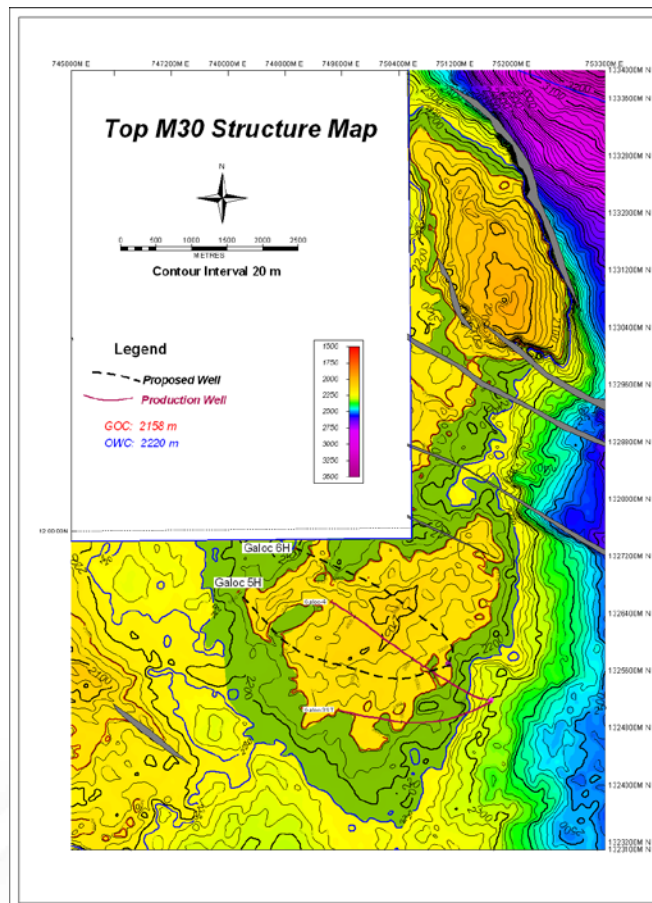
Location and Proposed Depth of Galoc Phase II Development Drilling

The Galoc field is located in Service Contract SC14C (Galoc Sub Block) in 290m of water approximately 65km North West of Palawan Island and 350km south of Manila in the Republic of the Philippines. The Galoc-5H and Galoc-6H development wells are being drilled within the existing producing field that has delivered over 10 MMbbls of production since the field was commissioned in 2008.

The wells are being batch drilled in 311 metres of water. It is planned that the Galoc-5H and Galoc-6H development wells will be drilled to a total vertical depth of 2,190 with approximately 2,000 of horizontal completion. Drilling is expected to take approximately 115 days including the flowing of the wells for clean-up.

After drilling of both Galoc-5H and Galoc-6H is completed, the DOF operated Skandia Hercules construction vessel will be used to install the subsea equipment and complete the hook-up of both wells to the FPSO Rubicon Intrepid.

First oil from the Phase II wells is expected during Q4 2013.



APPENDIX A: SUMMARY

Joint Venture Partners:

<u>Participant</u>	<u>Participating Interest %</u>
Galoc Production Company W.L.L. (Operator) (Wholly owned subsidiary of Otto Energy Ltd (ASX: OEL))	33.00000
Galoc Production Company No. 2 Pte Ltd (Wholly owned subsidiary of Kuwait Foreign Petroleum Exploration Company)	26.84473
Nido Production (Galoc) Pty Ltd (ASX: NDO)	22.87952
Oriental Petroleum & Minerals Corporation and Linapacan Oil Gas & Power Corporation	7.78505
The Philodrill Corporation	7.21495
Forum Energy Philippines Corporation	2.27575