



28 April 2011

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

By E-Lodgement

QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2011

Otto Energy Ltd ("Otto") has focused its business in core Philippine assets and matured a high quality exploration portfolio.

- Galoc production during the quarter of 651,551 bbl gross (122,361 bbl net to Otto) of crude oil with field 12 month rolling uptime now at 87%
- SC55 3D seismic interpretation supports ongoing exploration program by maturing the Hawkeye prospect and Nido level carbonate leads
- Increased working interest in core exploration permits SC 55 and SC 69
- Commenced mobilisation of equipment for drilling of the Duhat-1 well in San Isidro, Onshore Leyte with drilling to commence mid-April 2011
- Sale of Edirne interests to Valeura completed in March 2011

The Galoc oil field has now produced a total of 6.92 Mbbbls of crude oil as of 31st March 2011 and delivered 20 offtakes to refinery customers. The field was producing ~7,000 bopd at the end of quarter. Otto, through its shareholding in the Operator GPC, is working to continue to improve facility performance and plan for the appraisal and development of the remainder of the field.

Interpretation of the recently acquired 3D seismic in Service Contract 55, offshore Palawan has matured the Hawkeye prospect and Nido level carbonate leads. The permit contains a number of high quality leads and prospects that are being matured to being ready to drill. Final decision on the farm-in option held by BHP Billiton is expected in Q2 2011.

Otto is mobilising equipment to commence drilling the Duhat-1 well in San Isidro, Onshore Leyte with spud expected around mid-April 2011. This high-risk exploration well will take approximately 27 days to reach reservoir depth.

A 210 km² 3D seismic campaign will commence in SC 69 during the later part of Q2 2011 covering the Lamos and Lamos South prospects previously identified on 2D seismic acquired in 2010. This 3D seismic campaign will progress these prospects to drill ready in early 2012.

All enquiries are to be addressed to Matthew Allen, Chief Financial Officer on +61 8 6467 8800 or e-mail info@ottoenergy.com.

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 portfolio.

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



**QUARTERLY ACTIVITIES REPORT
FOR THE QUARTER ENDED 31 MARCH 2011**

FINANCIAL HIGHLIGHTS

		2011 YTD	March 2011 Quarter	December 2010 Quarter	Movement	Change %
Production (net to Otto)						
- Galoc	bbl	334,685	122,361	83,161	39,200	47.1%
- Edirne ⁽¹⁾	Mscf	204	-	-	-	-
	boe	34,012	-	-	-	-
Liftings (net to Otto) ⁽⁴⁾ (Galoc)	bbl	308,638	132,594	45,065	87,529	194.2%
Receipts from GPC	US\$m	9.631	5.928	0.000	5.928	(100.0%)
Closing Cash Position	US\$m	34.385	34.385	29.815	4.570	15.3%
Expenditure (excl GPC costs) ⁽⁵⁾	US\$m	13.843	5.210	4.541	0.669	14.7%

(1) "Mscf" means million standard cubic feet

(2) "mscf" means thousand standard cubic feet

(3) "boe" means barrels of oil equivalent. In common with international practice, dry gas volumes are converted to oil equivalent volumes via a constant conversion factor, for which Otto adopts 6 mcf of dry gas to one boe

(4) Receipts from GPC are subject to timing and payment conditions on oil deliveries and may therefore not correspond to liftings sold in the quarter

(5) Expenditure does not include GPC operating costs – these are deducted prior to remitting funds to Otto

(6) "\$m" means millions of dollars

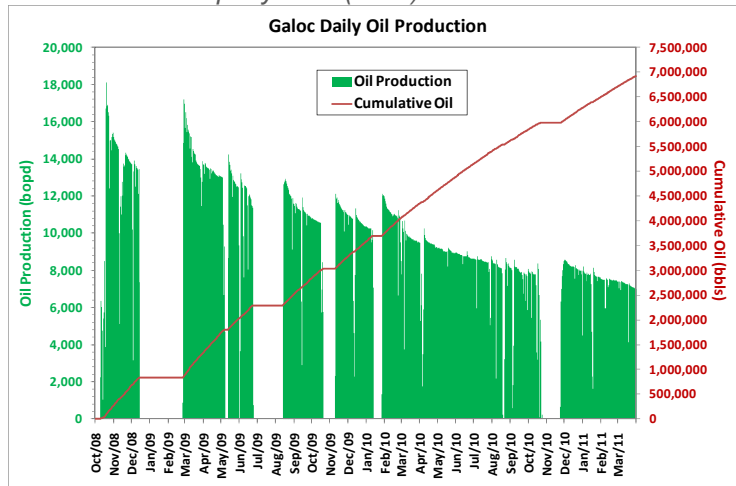
(7) "bopd" means barrels per day

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 12 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.

PRODUCTION AND DEVELOPMENT ASSETS

GALOC OIL FIELD

- Service Contract 14C, Palawan Basin, Philippines
- OEL 18.78% Indirect Interest (Held via 31.38% interest in GPC which has a 59.84% interest in the Galoc Block SC14C)
- Operator: Galoc Production Company WLL (GPC)



Production:

- Facility uptime rolling 12 month is now 87%.
- The Galoc field had the benefit of both excellent uptime and oil price for the March 2011 quarter.
- Production to date from the Galoc field is 6.92 Mmbl gross (1.30 Mmbl to Otto)
- Field daily production averaged ~7,239 bopd during the quarter

	Production bbls		Lifting's bbls		Uptime %	Rolling 12 Month Average
	Gross	Net	Gross	Net		
2 nd Qtr 2010	796,815	149,642	1,027,165	192,902	100	78
3 rd Qtr 2010	687,771	129,163	697,437	130,979	92	89
4 th Qtr 2010	442,819	83,161	239,964	45,065	61	84
1 st Qtr 2011	651,551	122,361	706,038	132,594	98	87

Offtakes:

- Two offtakes of Galoc crude oil was completed in the quarter. The next offtake is planned for the third week of April. The difference between offtake and production volumes represent movements in crude oil inventories on the Rubicon Intrepid FPSO vessel at the end of the quarter.

Financial:

- Payments of US\$5.93 million received by Otto from Galoc Production Company (GPC) after deduction of operating/lifting costs.

Phase 2 Potential Development:

- Reservoir development activities, including both interpretation and mapping of the recently reprocessed seismic data and future development well location selection/ranking continued in the quarter

EXPLORATION ASSETS

PHILIPPINES

Service Contract 55

- OEL (through its wholly-owned subsidiary NorAsian Energy Ltd) 93.18% Interest and Operator
- Area 9,880 km²
- Work commitments in current sub-phase completed. Next sub-phase commences August 2011 and includes drilling of one deepwater exploration well by August 2012

The final processed 1,800 km² of "Extension" 3D seismic data was received and is currently undergoing interpretation. Otto is also maturing the Hawkeye complex identified via the Hawkeye 3D seismic.

Otto previously provided information on the Hawkeye complex based on the Hawkeye 3D data estimating the current "success case" oil initially in place volumes to be between 87 and 1,539 mmbbls, with a mean in place volume of 680 mmbbls. This prospect is currently risked with a Geological Probability of Success (GPOS) of 27%. Ongoing work is progressing this prospect towards being drill ready in 2011.

Initial interpretation of the recently processed 1,800 km² of "Extension" 3D data indicates the presence of an active petroleum system in this portion of the block coupled with a series of large to very large Nido Carbonate structures. These supplement the shallower Hawkeye complex and thereby provide a diverse portfolio of potential future drilling targets.

The emergence of the Nido carbonate leads, (Cinco, Seis Complex and Uno) which appear analogous to structures in the proven hydrocarbon play within this province, is reinforcing Otto's view that this block presents both a material and exciting exploration opportunity.

The previously announced seismic acquisition and farm-in option agreement with BHP Billiton remains current with final decision on the farm-in option required by BHP Billiton during Q2 2011.

Otto entered into an agreement in the quarter with joint venture partner Trans-Asia Oil and Energy Development Corporation to increase its working interest 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.

Service Contract 51

- 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

Commitment has been made to drill the onshore Duhat-1 exploration well on the island of Leyte. This is a commitment well planned to be drilled to a depth of 1,000 metres targeting Miocene age sandstone reservoir of the Tagnacot formation.

Drilling rig and equipment were being mobilised to the drilling site near San Isidro at the end of the quarter. Commencement of drilling was delayed due to adverse ocean conditions during mobilisation of barges containing the equipment and Duhat-1 was spud on 19th of April 2011.

Otto executed a farm-out agreement with SWAN Oil and Gas Ltd to participate in the drilling of Duhat-1 and SWAN will contribute US\$1.5m to the drilling of this well in return for 40% equity in the Northern Block and 80% equity in the Southern Block.

Otto has elected to not participate in the Southern block of SC 51, which includes the Argao prospect. Otto will retain a 40% working interest in the Northern block.

Service Contract 69

- OEL (through its wholly-owned subsidiary NorAsian Energy Phils Inc) 79% Interest and Operator
- Area 5,280 km²
- Work commitment in current sub-phase contains a minimum 3D seismic requirement of 50 km² or 1 exploration well by August 2012

Following promising interpretation of the 760 km of 2D seismic acquired over this area in 2010, pre-survey planning for the acquisition of 210 km² of 3D seismic over the Lampos and Lampos South prospects has been completed.

A contract for seismic acquisition has been executed with Exploiter Pte Ltd (a subsidiary of BGP) to deploy their 3D survey vessel BGP Explorer in marine operations which are scheduled to commence in late Q2 2011.

The data acquired from the successful 2D seismic campaign last year confirmed the presence of two sizeable reef structures, Lampos and Lampos South that sit immediately adjacent to the Calamangan Trough which is modelled to generate both oil and gas. Current "success case" estimates of oil initially in place in the combined structures range between 22 mmbbls and 713 mmbbls with a mean in place volume of 290 mmbbls. Geological probability of success (GPOS) is currently estimated at 14% with scope for improvement foreshadowed via the new 3D seismic, thereby maturing it to drillable status.

NorAsian will be coordinating with the Philippine Department of Energy in undertaking an Information, Education and Communications (IEC) campaign that will cover several municipalities in the provinces of Cebu and Leyte prior to commencement of acquisition.

Otto entered into an agreement in the quarter with joint venture partner Trans-Asia Oil and Energy Development Corporation to increase its working interest to 79.00% and will carry Trans-Asia's through various commitments, including Trans-Asia's remaining 6% of a well that is to be drilled in either sub-phase 4 or 5.

BUSINESS DEVELOPMENT

Otto has initiated a focused program of business development targeting entry into new opportunities within South East Asia, Australasia and East Africa. This program aims to deliver high quality new exploration, development and production opportunities in which Otto has competency in securing competitive fiscal and commercial terms or can make use of its technical skills.

The first of these business development opportunities has seen Otto execute an Area of Mutual Interest Agreement (AMI) with Swala Energy Ltd. This provides Otto access to Swala personnel with significant working knowledge of the East Africa oil and gas industry and can assist with gaining entry to opportunities in the region.

Expressions of interest for permits in both Kenya and Burundi have been made, and which if successful, will provide for ground floor entry terms to exploration opportunities on trend with recent significant discoveries. Focus is also being made on discovered resources that require further appraisal prior to development commencing.

CORPORATE

SHAREHOLDERS

Otto's issued capital as at 31 March 2011

Class	Number
Fully paid ordinary shares	1,134,540,071
Unlisted Options ¹	58,000,000
Performance Rights	10,000,000

¹ Exercisable between 12 and 60 cents per share.

TOP 20 SHAREHOLDERS AS AT 1 APRIL 2011

Rank	Name	Units	% of Units
1	MOLTON HOLDINGS LTD	241,910,757	21.32%
2	SANTO HOLDING AG	241,910,757	21.32%
3	NATIONAL NOMINEES LIMITED	60,072,883	5.29%
4	CITICORP NOMINEES PTY LIMITED	28,063,920	2.47%
6	ESCOR INVESTMENTS PTY LTD	20,000,000	1.76%
5	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	19,791,683	1.74%
7	J P MORGAN NOMINEES AUSTRALIA LIMITED	19,568,156	1.72%
8	JOHN JETTER (CONSOLIDATED RELEVANT INTEREST)	19,089,175	1.68%
9	RICK CRABB (CONSOLIDATED RELEVANT INTEREST)	16,995,052	1.50%
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,887,931	1.31%
11	CABLE NOMINEES PTY LTD	13,966,934	1.23%
12	YRS INVESTMENTS LIMITED	13,520,833	1.19%
13	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <MLCI A/C>	11,971,695	1.06%
14	CITICORP NOMINEES PTY LIMITED <CWLTH BANK OFF SUPER A/C>	8,651,683	0.76%
15	DALY FINANCE CORP	8,150,000	0.72%
16	ESCOT FINANCE LTD	8,150,000	0.72%
17	IAN MACLIVER (CONSOLIDATED RELEVANT INTEREST)	6,306,942	0.56%
18	FORBAR CUSTODIANS LIMITED <FORSYTH BARR LTD-NOMINEE A/C>	6,003,261	0.53%
19	WILLIAM TAYLOR NOMINEES PTY LTD	4,750,000	0.42%
20	MR DAVID KENNETH ANDERSON + MRS CHARMAYNE ANDERSON <THE CANTERBURY S/FUND A/C>	4,000,000	0.35%
	TOTAL TOP 20 SHAREHOLDERS	767,761,662	67.67%
	TOTAL REMAINING SHAREHOLDERS	366,778,409	32.33%
	TOTAL SHARES ON ISSUE	1,134,540,071	100.0%

ESTIMATED CASH OUTFLOWS

Otto's free cash reserve at the end of the quarter were US\$30.434 million (December: US\$22.948 million). This excludes US\$3.951 million (December: US\$6.867 million) remaining in escrow to fund the SC 55 seismic acquisition and processing.

Expected cash outflows in the coming quarter are as follows:

	Jun 2011 Quarter US\$m Forecast	Mar 2011 Quarter US\$m Actual	Dec 2010 Quarter US\$m Actual	Sep 2010 Quarter US\$m Actual
Philippines				
• SC 14C	0.08	0.01	0.04	0.05
• SC 50	-	-	-	-
• SC 51	2.19	1.48	0.51	0.03
• SC 55 ⁽¹⁾	0.20	0.10	0.22	-
• SC 69	0.20	0.01	0.02	-
Turkey	-	0.81	1.24	1.91
Business Development	0.67	0.47	-	-
Administration	1.06	2.33	2.50	2.09
Total	4.40	5.21	4.53	4.09

⁽¹⁾ Excludes US\$0.916 million spent on processing and interpretation of the 1,800 km² 3D seismic in SC 55 in the quarter.

CEO RESIGNATION

Managing Director – Mr Paul Moore

Otto Energy Ltd advised on 5 April 2011 that Mr Paul Moore, Managing Director of Otto Energy Ltd has given notice of his resignation effective close of business Friday, 1 July 2011.

Mr Moore has explained that his decision, not made lightly, was for personal reasons and he will be relocating overseas.

The Board has commenced a formal search for a new CEO. Mr Moore will work closely with the Board and management over the coming 3 months to continue with ongoing business growth and operations and ensure a smooth transition.

Non executive director Mr Ian Boserio will provide assistance to the management team and new CEO where necessary to further ensure successful business delivery.

The Company has an experienced and stable senior management team in Perth and Manila who will ensure all Company operations remain on schedule.

Although disappointed to be losing his services, the Board understands Mr Moore's decision and we wish him and his family all the best for the future.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

OTTO ENERGY LIMITED

ABN

56 107 555 046

Quarter ended ("current quarter")

31 March 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$US'000	Year to date (9months) \$US'000
1.1 Receipts from product sales and related debtors	57	4,082
1.2 Payments for (a) exploration & evaluation		
-Excluding 1800km2 SC55seismic	(2,873)	(6,698)
-1800km2 SC55seismic	(916)	(2,736)
(b) development	-	-
(c) production	-	-
(d) administration	(2,332)	(7,197)
1.3 Dividends received	5,928	5,928
1.4 Interest and other items of a similar nature received	-	16
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	260
1.7 Other (Farm In Contribution)	1,500	1,500
Net Operating Cash Flows	1,364	(4,846)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(20)	(217)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	27
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	3,703
1.12 Other (Sale of licence interest)	2,993	2,993
Net investing cash flows	2,973	6,506
1.13 Total operating and investing cash flows (carried forward)	4,337	1,660

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	4,337	1,660
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	2,593
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(4)	(11)
1.18	Dividends paid	-	-
1.19	Other (Share issue costs)		(8)
	Net financing cash flows	(4)	2,574
	Net increase (decrease) in cash held	4,334	4,235
1.20	Cash at beginning of quarter/year to date	30,065	29,230
1.21	Exchange rate adjustments to item 1.20	(14)	920
1.22	Cash at end of quarter	34,385	34,385

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$US'000
1.23	Aggregate amount of payments to the parties included in item 1.2	116
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Payment of Directors Fees	116

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$US'000	Amount used \$US'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$US'000
4.1 Exploration and evaluation	3,265
4.2 Development	-
4.3 Production	80
4.4 Administration	1,060
Total	4,405

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$US'000	Previous quarter \$US'000
5.1 Cash on hand and at bank	34,284	28,861
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (Term Deposit)	101	954
Total: cash at end of quarter (item 1.22)	34,385	29,815

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Edirne, Turkey	Exploration Licence 3839	35%	-
	SC50, Philippines	Service Contract Area	85%	-
	SC50, Philippines	Service Contract Area	80% All Blocks	40% (Northern Block) - (Southern Block)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2 Interests in mining tenements acquired or increased

SC55, Philippines	Service Contract Area Farm-up	85%	93.18%
SC69, Philippines	Service Contract Area Farm-up	70%	79%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	Nil	Nil		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil	Nil		
7.3 *Ordinary securities	1,134,540,071	1,134,540,071		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil Nil	Nil Nil		
7.5 *Convertible debt securities <i>(description)</i>	Nil	Nil		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil	Nil		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.7	Options <i>(description and conversion factor)</i>	58,000,000 Unlisted Options	Nil	4,000,067 Exercise Price \$0.20	On or before 29 May 2011
		10,000,000 Unlisted Performance Rights	Nil	3,999,967 Exercise Price \$0.30	On or before 29 May 2011
				1,999,966 Exercise Price \$0.40	On or before 29 May 2011
				1,500,000 Exercise Price \$0.35	On or before 10 Apr 2012
				2,500,000 Exercise Price \$0.60	On or before 01 Aug 2012
				7,500,000 Exercise Price \$0.12	On or before 30 June 2014
				4,000,000 Exercise Price \$0.12	On or before 08 September 2012
				1,000,000 Exercise Price \$0.12	On or before 19 January 2013
				5,500,000 Exercise Price \$0.12	On or before 16 February 2013
				3,000,000 Exercise Price \$0.12	On or before 11 August 2013
				13,000,000 Exercise Price \$0.12	On or before 26 November 2013
				6,000,000 Exercise Price \$0.125	On or before 30 November 2013
				4,000,000 Exercise Price \$0.1325	On or before 16 March 2014
				5,000,000 Performance Rights	On or before 30 June 2011
5,000,000 Performance Rights	On or before 30 June 2012				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.8	Issued during quarter	4,000,000 Unlisted	Nil	4,000,000 Exercise Price \$0.1325	On or before 16 March 2014
7.9	Exercised during quarter	Nil	Nil	Nil	Nil
7.10	Expired during quarter	13,000,000 Unlisted	Nil	11,000,000 Exercise Price \$0.30 2,000,000 Exercise Price \$0.12	On or before 25 Jan 2011 On or before 08 September 2012
7.11	Debentures <i>(totals only)</i>	Nil	Nil	Nil	Nil
7.12	Unsecured notes <i>(totals only)</i>	Nil	Nil	Nil	Nil

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Paul Moore
 Managing Director
 28 April 2011

+ See chapter 19 for defined terms.

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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