



ASX ANNOUNCEMENT

30 December 2008

PO VALLEY, ITALY EXPLORATION UPDATE

Otto Energy Limited (ASX: OEL) and Ascent Resources Plc have agreed to the deferral of drilling the Gazzata-1 onshore gas exploration well in the Cento-Bastiglia licences of the Po Valley, Italy, until no earlier than mid March 2009.

Otto has requested this short deferral as a prudent precaution to allow production to be first re-established at the Galoc Oil Field providing more certainty of the Company's financial position before incurring the significant exploration expenditure of drilling Gazzata-1.

Otto maintains its commitment to the Italian exploration asset, demonstrated by the Company having already invested over US\$2 million for long lead-time equipment and drill site construction, which will commence as soon as the relevant approvals are issued.

Permit operator and joint venture partner, Ascent Resources Plc, have agreed to the deferral of drilling Gazzata-1 by the Perazzoli HH200 rig which is 22.5% owned by Ascent. This rig is currently drilling for another operator in Italy and the timing of its deployment for the Gazzata-1 well is subject to pre-existing contractual obligations.

The Gazzata-1 well targets a seismically defined gas prospect over 8 square kilometres in area, the top of which is about 1,800 m deep in Pliocene formations. It is a highly prospective target of prospective gas resources of over 100 Bcf.

Otto is earning a 50% working interest via the funding of Gazzata-1 well and a second well if Gazzata-1 is a significant gas discovery. There is a cap on the expenditure for both the Gazzata-1 and the second well, above which the contribution is 50/50.

For more information about Otto Energy Limited visit www.ottoenergy.com

Yours faithfully,



Alex Parks
Chief Executive Officer

Otto Energy at a Glance

- ASX-listed dynamic oil and gas company with significant growth potential
- Strong Board & Management team
- World class projects across 4 countries
- Production from Galoc Oil Field to provide cash flow for exploration
- Opportunity rich with 8 discoveries, 20+ prospects and more than 60 leads
- Upcoming events in 2009 including oil revenues, farm-outs and drilling program which offer significant value creation for investors.

BOARD OF DIRECTORS

Rick Crabb	Chairman
Jaap Poll	Non exec Dir
Ian Macliver	Non exec Dir
Rufino Bomasang	Non exec Dir
John Jetter	Non exec Dir
Alex Parks	CEO
Emma McCormack	Comp Sec

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