

25 June 2009

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

By E-Lodgement

SIGNIFICANT MILESTONES FOR OTTO AND THE GALOC OIL FIELD

Otto Energy Limited ("Otto" or "the Company") (ASX: OEL) is pleased to announce that commerciality has been declared at the Galoc Oil Field and that the Company is now debt-free. The Company also provides an update on its exploration and production operations.

Highlights

- **The extended testing phase at Galoc has concluded and commerciality has been declared**
- **GPC project debt for the Galoc field has been fully repaid totalling over US\$40 million in repayments from oil sales.**
- **Otto's shareholder and director loans were fully repaid using funds raised from its recent capital raising.**
- **Otto currently has approximately A\$13 million in cash.**

Repayment of GPC Project Debt

In 2007, when Otto acquired its interest in Galoc Production Company W.L.L ("GPC"), it inherited a share of project finance debt facility already in place to fund the GPC portion of the development costs of the Galoc project. Primarily via receipt of production revenues, GPC has serviced the debt repayments and Otto's share of the debt (both non recourse and recourse portions) is now fully repaid.

Otto now expects to receive regular dividend payments from GPC from production net proceeds.

Declaration of Commerciality – Galoc Field

Under the terms agreed with the Philippine Department of Energy for the Galoc project, GPC on behalf of the Galoc Joint Venture has issued a formal "Declaration of Commerciality" following the completion of the extended testing period. (See attached release from GPC).

The data obtained during the extended test phase has proved invaluable in providing sufficient confidence of the reservoir performance to justify the commencement of long term production.

Otto Energy at a Glance

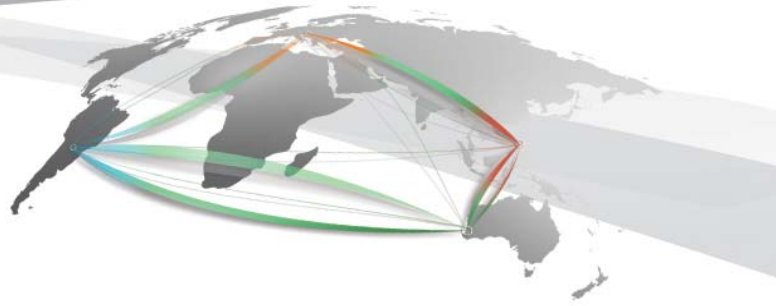
- Dynamic ASX-listed oil and gas company with significant growth potential
- Strong Board & Management team
- World class projects across 4 countries
- Production from Galoc Oil Field to provide cash flow for exploration
- Opportunity rich with 8 discoveries, 20+ prospects and more than 60 leads
- Upcoming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

COMPANY OFFICERS

Rick Crabb	Chairman
Jaap Poll	Non exec Dir
Ian Macliver	Non exec Dir
Rufino Bomasang	Non exec Dir
John Jetter	Non exec Dir

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As a consequence of the declaration, the fiscal terms for the Galoc project revert to the standard terms of Service Contract 14.

OPERATIONS UPDATE

Turkey - Edirne Licence

Testing of the Ortakci-1 discovery well (drilled in 2008) commenced on the 21 June 2009. Four intervals with a gross combined height of approximately 18m have been tested in the Ortakci-1 well from 238 – 330m. A comingled production test of all the zones produced approximately 2.5 MMscf/d with no water.

The rig will move to the Kuzey Ikihoeyuk-1 exploration well on completion of testing at Ortakci-1.

Italy – Cento-Bastiglia Permits

The Gazzata-1 exploration well has been plugged and abandoned as a dry hole.

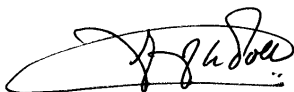
Argentina – Santa Rosa Licence

Preparations continue at the well site. The Operator, Oromin, advised that final steps are now underway so that rig mobilization can commence as soon as possible. Spudding of the first exploration well is expected to occur in July 2009.

Philippines -Galoc Oil Field

GPC has advised that due to adverse weather conditions at the field location, the FPSO 'Rubicon Intrepid' has shut-in production operations and safely disconnected from the mooring and riser system. The FPSO remains near the Galoc location and will reconnect once local weather conditions are suitable.

Yours faithfully



Dr Jaap Poll
Director

23 June 2009

Galoc Field – Declaration of Commerciality

GPC is pleased to advise the Extended Test undertaken at the Galoc Field has been concluded. The data obtained during the Extended Test has proved invaluable in providing sufficient confidence in reservoir performance to justify commencement of long term production.

Production will be continued from the existing 2 wells, meanwhile assessment of the potential for additional incremental development is underway. Performance of the reservoir, production facilities and uncertainty in the oil price over the next 3-6 months will be key considerations in this assessment.

Additional Notes

General Information

The Galoc field is located in Service Contract SC14-C (Galoc Sub Block) in 290m of water approximately 65km north west of Palawan in the Republic of the Philippines. The development involved the construction of two subsea completed horizontal production wells, with extended reservoir contacts, tied back to a Floating Production Storage and Offloading (“FPSO”) facility via a short seabed pipeline and mid water riser system. Most likely oil reserves as estimated at time of commitment to the development in 2006, is approximately 10 million barrels. The reserves estimate and requirement for additional wells and facility capacity will be reassessed following an analysis of results from initial field production performance.

The participating interests in the Galoc Field are as follows:

Participant	Participating Interest %
Galoc Production Company W.L.L. ¹ (Operator)	58.29
Nido Petroleum Philippines Pty Ltd (a subsidiary of Nido Petroleum Limited)	22.28
The Philodrill Corporation	7.03
Oriental Petroleum & Minerals Corporation/ Linapacan Oil Gas & Power Corporation	7.57
Forum Energy Philippines Corporation	2.27
Alcorn Gold Resources Corporation	1.53
PetroEnergy Resources Corporation	1.03

Galoc Production Company is owned by;

Vitol Group	68.6%
Otto Energy Limited	31.4%

Further information on GPC and the Galoc Field can be obtained from:

- GPC’s website www.galoc.com
- via email, at enquiry@galoc.com
- or by contacting
 - Jax Mariano
Tel: +63 918 9109581