

10 March 2014

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

**By E-Lodgement**

**GALOC OIL FIELD RESERVES UPDATE**

**Highlights:**

- Updated Galoc oil field reserves (net to Otto): 1P Reserves of 2.75 MMstb and 2P Reserves of 3.77 MMstb.
- Production since Phase II start-up within the range of pre-drill expectations
- Galoc oil field expected to produce beyond 2020.

Otto Energy Ltd (“Otto”) (ASX: OEL) provides an update on the Galoc oil field reserves in the Philippines as at 1 January 2014.

The operator of the Galoc oil field, Galoc Production Company WLL, a wholly owned subsidiary of Otto, has commissioned an annual review of remaining oil reserves from RISC, an independent consulting firm.

The annual review has resulted in an adjustment of 2P Reserves of less than 1% caused by a mixture of technical and economic factors (including oil prices). A detailed breakdown of Reserves is shown in Appendix A.

Since the completion of the Phase II development in December 2013, production has performed in line with expectations - this performance is expected to continue. Three cargoes have been lifted from the field since December 2013 with a further lifting scheduled around the end of the March 2014 quarter. The Galoc oil field is expected to remain in production beyond 2020 based on the Galoc Phase I and Phase II well configuration.

Otto's Chief Executive Officer Mr Matthew Allen said "Galoc is a key asset for Otto, delivering valuable cashflow to fund future growth opportunities. Otto's investment in Galoc Phase II in 2013 has delivered a substantial increase in production, with current production rates around 9,700 bopd (3,200 bopd net to Otto), and Otto's operatorship of this successful development demonstrated the organisations strong project execution capabilities. We continue to seek additional opportunities to expand the Galoc oil field with further infill drilling."

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**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
Matthew Allen	CEO
Craig Hasson	CFO
Scott Blenkinsop	Company 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 and have been independently reviewed by RISC. 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.

### Consents

"Information on the Reserves in this release relating to Service Contract SC14-C (Galoc Sub Block) is based on an independent review and audit conducted by RISC Operations Pty Ltd (RISC) and fairly represents the information and supporting documentation reviewed. The review and audit was carried out in accordance with the SPE Reserves Auditing Standards and the SPE-PRMS guidelines under the supervision of Mr. Peter Stephenson, a Partner of RISC, a leading independent petroleum advisory firm. Mr. Stephenson has a M.Eng in Petroleum Engineering, is a member of the SPE and IChemE and has more than 30 years of relevant experience. Mr. Stephenson meets the requirements of qualified petroleum reserve and resource evaluator as defined in Chapter 19 of the ASX Listing Rules and consents to the inclusion of this information in this report.

**APPENDIX A: GALOC OIL FIELD RESERVES UPDATE**

Estimated Ultimate Recovery (EUR) and Reserves	1P Proved Reserves	2P Proved and Probable Reserves
	MMbbl	MMbbl
EUR at 1st Jan 2013	21.70	25.40
EUR at 1st Jan 2014	21.51	25.06
Change in EUR	-1%	-1%
Cumulative Production to 1st Jan 2014	11.66	11.66
<b>Gross Field Reserves at 1st Jan 2014</b>	9.85	13.40
PSC Contractor Entitlement Reserves at 1st Jan 2014	8.34	11.42
<b>Otto Net Entitlement Reserves at 1st Jan 2014</b>	<b>2.75</b>	<b>3.77</b>

PSC Entitlement Reserves	1P Proved		2P Proved and Probable	
	Gross	Net	Gross	Net
	MMbbl	MMbbl	MMbbl	MMbbl
Entitlement Reserves 1st Jan 2013	10.20	3.37	13.10	4.32
Entitlement Production	-1.47	-0.48	-1.47	-0.48
Acquisitions	-	-	-	-
Additions/Subtractions	-0.39	-0.13	-0.21	-0.07
<b>Entitlement Reserves 1st Jan 2014</b>	<b>8.34</b>	<b>2.75</b>	<b>11.42</b>	<b>3.77</b>

1. EUR numbers do not include G-1 EWT production in 1988

**APPENDIX A: SUMMARY**

**Background**

The Galoc field is located in Service Contract SC14-C (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. Production commenced in 2008 with the Galoc-3H and 4H wells and a Phase II development was completed in December 2013 adding the Galoc-5H and 6H wells to the field.

Production is processed through the Floating Production Storage and Offload Facility the Rubicon Intrepid. The Galoc crude oil is a light 35° API, low sulphur crude and is priced against the Dubai benchmark plus a premium and is delivered to refineries throughout South East Asia.

A total of over 12 MMbbl has been recovered from the field to date.

**Joint Venture Partners:**

<b><u>Participant</u></b>	<b><u>Participating Interest %</u></b>
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