

5 July 2007

Manager of Company Announcements
Australian Securities Exchange
Level 6, 20 Bridge Street
SYDNEY NSW 2000

Otto Energy completes oil exploration program in the Philippines ahead of schedule and under budget

Oil and gas exploration company Otto Energy Limited (ASX: OEL) has successfully completed its Trinity 2D and 3D offshore seismic programs, in Service Contracts (SC) 50, 51 and 55 in the Philippines – under budget and ahead of schedule.

The data will now be processed by CGGVeritas and delivered to Otto Energy in September/October this year for interpretation.

The 145km² 3D seismic acquired in SC51 forms the last part of the Trinity Survey covering the Argao, and Cabilao prospects. The various target zones in the anticlinal Argao structure potentially contain up to 270 MMbbls of recoverable oil in conventional sandstone reservoirs. The presence of hydrocarbons is supported by observance of “Direct Hydrocarbon Indicators’ (DHI’s) on the existing 2D data. The 3D seismic will allow more detailed evaluation of the DHI’s and optimisation of a drilling location to target the three potential horizon objectives in the Argao structure. Cabilao is an adjacent reef structure also covered by the 3D survey and will be a potential follow up exploration well targeting up to 150 MMbbls of recoverable oil. Because of their close proximity, success in one prospect significantly enhances potential success in the other.

The next step in the exploration program is to conduct an extensive environmental survey in the Cebu-Bohol Straits to prepare for drilling the Argao structure in 2008. This survey will commence within the next few months.

In total Otto Energy acquired:

- 116km² of 3D data over the Calautit and Calautit South Oil accumulations in SC 50.
- 954 km of 2D data in Otto’s deep water permit SC 55.
- 145km² 3D seismic in Otto’s SC 51 permit over the Argao and Cabilao prospects.

Please refer to the Company’s ASX release dated 17 May 2007 for more details on the program objectives.

At the request of the Department of Energy (DoE) in the Philippines, Otto Energy has deferred acquisition of the 261km of planned 2D data in SC51. A challenge has been made by a local non-government organisation (NGO) to the Department of Environment and Natural Resources (DENR) regarding the validity of the environmental permit issued to Otto by the DENR to allow seismic acquisition in the Cebu-Bohol Straits. This challenge is no reflection on Otto or CGGVeritas, who are acknowledged by all parties to have fully complied with all permitting requirements before and during the survey. As the matter is unlikely to be resolved

before the 2D survey would otherwise have commenced, the DoE has requested Otto to defer the acquisition until a later date. The 2D data is not critical to the short term drilling plans for SC 51 and can be acquired at a later date.

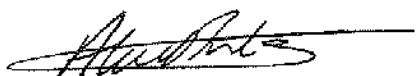
The Filipino DoE has been very supportive throughout the operations and Otto would like to publically express gratitude for all their input in the lead up to, and during the Trinity survey.

Commenting on the release Otto Energy Ltd CEO Mr Alex Parks said,

"CGGVeritas have performed magnificently. Their environmental, health and safety record was first rate and they have saved Otto Energy substantial sums by their efficient operations and ability to finish this phase of our Philippines exploration program ahead of schedule and under budget".

"Our exploration and development program in the Philippines remains on schedule. This extensive program of seismic data, acquired over all three permits, will allow further evaluation of our prospects and detailed planning for drilling in 2008. Importantly, the new data will significantly increase our ability to seek substantial farmin partners for all our licences in the Philippines."

Yours faithfully



Alex Parks CEO

For further information please contact:

Alex Parks (CEO)
Otto Energy
Ph: +61 8 9226 0001

Jill Thomas/John Williams
Professional Public Relations
Ph: +61 8 9388 0944

Editors Notes:

About Otto Energy

West Perth based oil and gas explorer Otto Energy (OEL) listed on the ASX on 20 December 2004 and has assembled a balanced portfolio of oil and gas exploration and production projects in the Philippines, Turkey and Argentina.

Philippines

Otto Energy has three prospective licences in one of the largest publicly owned acreage holdings in offshore Philippines, with a total area of over 15,000 sq km (over 3.7 million acres).

The region has proven hydrocarbon provinces, with nearby energy markets and low sovereign risk. Otto acquired NorAsian Energy in August 2006 to explore and develop the following licences:

- The Calait Oilfield (SC50 Otto – 99% WI).
- East Visayan (SC51 Otto - 80% WI)
- Ultra Deep Water Palawan (SC55 Otto - 85% WI).

The Calait Oilfield contains an estimated 39.4 mm barrels of oil in place of which 6.44 mm barrels are estimated to be recoverable. The oilfield could yield as much as 12 million barrels

depending on recovery factors and the oil price. It is expected that the Calauit Oilfield will come into production in Q3 2008 at ~ 12,000 barrels of oil per day.

A semi-submersible drilling and production rig is currently being constructed in China. The rig will be leased by Otto from mid 2008 for a three-year period for development and production of the Calauit field and other drilling prospects in the Philippines at attractive commercial rates.

Exploration drilling will commence in 2008, targeting several hundred million bbls.

Turkey

Otto Energy has 20-35% in three gas prospective licences in the onshore Thrace Basin of European Turkey.

The company announced two gas discoveries at Koyustu-1 and Bati Umur-1 in Q1 2007 and one potential gas discovery, Arpaci-1. The Operator believes that the Joint Venture has sufficient gas reserves to warrant an immediate gas development feasibility study, aiming at commencing production in mid 2008.

Incremental Petroleum (IPM) acquired 15% in the Edirne Licence by contributing A\$3 million towards the exploration program. Otto farmed out a further 30% interest in the Edirne Licence and 60% interest in the Catalca and Ortakoy Licences to Incremental Petroleum for A\$7.7m in March 2007. These funds will pay for most if not all of Otto's exploration, appraisal and development expenditures until production commences in mid 2008.

Argentina

Otto Energy and Oromin Explorations Ltd (Oromin) agreed to a farm in arrangement, whereby Otto will initially earn a 32.48% working interest from Oromin in the Santa Rosa Block in the onshore Cuyana Basin of the Mendoza Province of Argentina - by contributing US\$1.4m towards drilling with an option to earn an additional 8.7 per cent. Licence award is expected in mid 2007.

Website: www.ottoenergy.com