

21 February 2012

Manager of Company Announcements
ASX Limited
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SYDNEY NSW 2000

By E-Lodgement

OTTO SECURES INTERESTS IN TANZANIA PRODUCTION SHARING AGREEMENTS

- Otto acquires interests in two PSA's in Tanzania from partner Swala
- Successful execution of strategy to enter the East African Rift Valley on terms attractive to Otto
- East African entry complements existing asset portfolio in the Philippines

Otto Energy Ltd (ASX:OEL) ("Otto" or the "Company") has agreed to acquire interests in two onshore Production Sharing Agreements (PSA's) in Tanzania from joint venture partner Swala Oil and Gas (Tanzania) Limited ("Swala").

The acquisition marks Otto's entry into the exciting East African Rift Valley, which is historically under-explored but widely accredited as having significant exploration potential. The Company has been seeking opportunities in East Africa to complement its well established exploration and production position in the Philippines.

Swala will assign to Otto a 50% working interest, under the terms of the Area of Mutual Interest Agreement signed in January 2011, in the Kilosa-Kilombero Area and Pangani Area PSA's, both onshore Tanzania.

These PSAs were awarded by the Government of the United Republic of Tanzania on 20 February 2012. The interests will be held by Otto subsidiary, Otto Energy (Tanzania) Pty Ltd. The assignment is subject to approval of the Tanzanian Government.

The overall Kilosa-Kilombero and Pangani acreage covers a gross area of almost 34,000 square kilometres. The acquisition of the two blocks is consistent with Otto's strategy to obtain acreage in prospective areas on attractive terms at the beginning of the exploration lifecycle.

The initial stage of exploration in both Tanzanian blocks will involve the acquisition of airborne gravity and magnetic information together with associated field work to confirm the presence of a significant sedimentary basin, as suggested by existing regional gravity data.

If results from the initial data acquisition are positive then the Otto-Swala joint venture can elect to acquire seismic data prior to committing to a well in either block. Such a phased approach to exploration allows commitment of funds to be closely aligned with emerging prospectivity.

OTTO AT A GLANCE

- ASX-listed oil and gas company with significant growth potential.
- Operator of the producing Galoc Oil Field which provides cash flow.
- First operated exploration well in Philippines in Q2 2011.
- Opportunity rich with substantial exploration prospects and leads in Palawan and Visayan basins.

COMPANY OFFICERS

Rick Crabb	Chairman
Ian Macliver	Director
Rufino Bomasang	Director
John Jetter	Director
Ian Boserio	Director
Gregor McNab	CEO
Matthew Allen	CFO/Coy Secretary

A summary of the Kilosa-Kilombero and Pangani areas are attached.

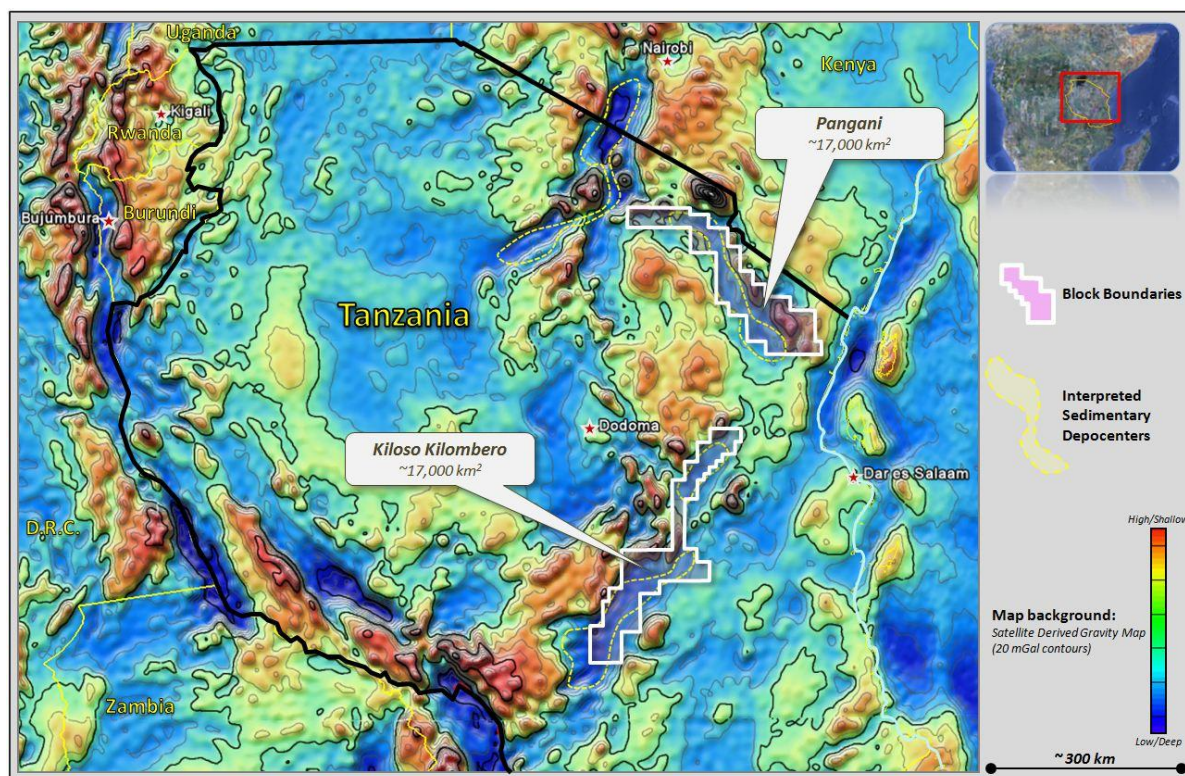
Otto Chief Executive Officer Mr Gregor McNab said "We are pleased to secure our first entry into East Africa, with our partner Swala and the Government of the United Republic of Tanzania. These assets fit well with Otto's strategy of securing entry into early stage exploration with attractive fiscal terms and substantial exploration potential.

We have looked at a number of assets in East Africa over the past 12 months with our partner Swala, and have been waiting to find the right assets to complement our existing Philippines portfolio, which spans the exploration, development and production life cycle.

I would like to personally thank Swala, the Tanzania Petroleum Development Corporation and the Government of the United Republic of Tanzania for their commitment throughout the negotiations to successfully conclude these PSA's" Mr McNab concluded.

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APPENDIX 1:



PANGANI PSA

The Pangani block is believed to be a potential arm of a triple point junction on the eastern branch of the East African Rift System, at the top of which Tullow Oil and its partners plan to spud an exploration well in 2012.

Committed work programme activity in the first twelve months include airborne gravity and/or magnetic surveying, satellite and photogeology works and geochemical sampling.

KILOSA-KILOMBERO PSA

Kilosa-Kilombero is a large licence covering the Kilosa and Kilombero Mesozoic and Cenozoic basins, formed during two phases of rifting which also constitutes the huge Selous basin (Mesozoic). The Cenozoic rifting may be linked with the greater (western) rift system of the East Africa Rift. The Kilosa and Kilombero basins may contain several thousand metres of prospective sediment fill in a lacustrine setting similar to that of the Albertine graben.

Committed work programme activity in the first twelve months include airborne gravity and/or magnetic surveying, satellite and photogeology works and geochemical sampling.

Name	Working Interest
Swala Oil and Gas (Tanzania) Limited	50% (Operator)
Otto Energy (Tanzania) Pty Ltd	50%