24 February 2014

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

By E-Lodgement

OTTO TO ENTER YEARS 3 AND 4 OF TANZANIAN PRODUCTION SHARING AGREEMENTS

- Otto elects to enter Years 3 and 4 of the Pangani and Kilosa-Kilombero production sharing agreements in Tanzania
- Commitments include two exploration wells to be drilled before February 2016
- Otto encouraged by emerging Neogene prospectivity in both blocks

Otto Energy (Tanzania) Pty Ltd, a wholly owned subsidiary of Otto Energy Ltd (ASX:OEL, "Otto" or the "Company"), has together with Swala Oil and Gas (Tanzania) Plc, a subsidiary of Swala Energy Ltd (ASX:SWE), elected to enter Years 3 and 4 of the Pangani and Kilosa-Kilombero Production Sharing Agreements.

Entry into Years 3 and 4 represents a significant milestone and involves a commitment to drill one exploration well in each contract area before February 2016. The decision to move forward in both blocks is driven by the very positive results achieved from recent seismic work.

The identification of interpreted Neogene aged basins in both contract areas, which appear analogous to recent discovery areas in both Kenya and Uganda, has motivated the Joint Venture to commit to significant exploration in the blocks.

Otto is particularly encouraged by the early identification of the Kito prospect in the Kilosa Kilombero block and believes this bodes well for exploration in the Pangani block, where a similar aged basin has been identified.

Otto Chief Executive Officer, Mr Matthew Allen, said "We are pleased with the very positive progress we have made in both our Tanzanian blocks, which were secured on favourable terms with the Tanzanian Government in 2012. Since that time, a relatively low cost, phased exploration program has uncovered two Neogene aged basins, which bear a striking resemblance to the Ugandan Albertine Basin and the Kenyan Lokichar Basin where recent drilling success has been outstanding.

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

www.ottoenergy.com

The Joint Venture decision to move into a drilling commitment in both blocks is driven by the perceived prospectivity of the area and the excellent working relationship developed with the Tanzania Petroleum Development Corporation and the Government of the United Republic of Tanzania".

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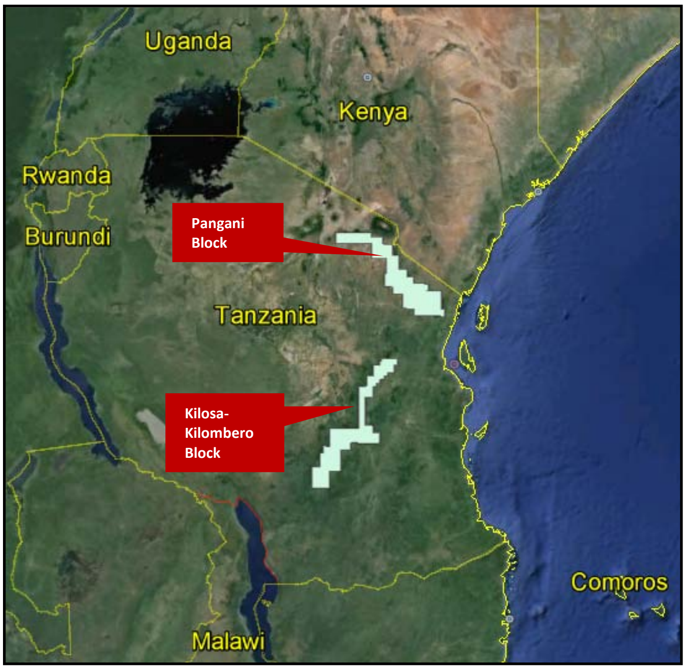
APPENDIX 1:



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