

ASX ANNOUNCEMENT  
29 March 2017

## UPDATE ON TANZANIA JOINT VENTURE DISPUTES

- **Otto Tanzania has initiated dispute resolution proceedings under the joint operating agreement which includes the potential for independent arbitration**
- **Operator of the Kilosa-Kilombero joint venture claims to have required Otto Tanzania to withdraw from the joint venture**

Otto Energy Ltd (ASX: OEL) (“Otto” or the “Company”) provides the following update on various joint venture disputes concerning the interest held by its wholly-owned subsidiary, Otto Energy (Tanzania) Pty Ltd (“Otto Tanzania”) under the Kilosa-Kilombero joint operating agreement (“JOA”).

Otto Tanzania has issued a Notice of Dispute to Swala Oil and Gas Tanzania plc (“SOGTP”) in respect of certain matters, including issues relating to SOGTP’s:

- handling of joint venture funds;
- position as Operator under the JOA following SOGTP’s failure to satisfy the joint venture that it is not insolvent; and
- exclusion of Otto Tanzania and Tata Petrodyne Limited from an operating committee meeting, and purporting to pass resolutions at that meeting affecting the non-operating parties.

SOGTP has subsequently issued a notice to Otto Tanzania purporting to require Otto Tanzania to withdraw from the JOA. SOGTP has also purported to cash call Otto Tanzania for the entire 2017 work program; and has demanded Otto Tanzania provide security in relation to the minimum work commitment under the Kilosa-Kilombero Production Sharing Agreement (“PSA”).

Otto Tanzania rejects that SOGTP was entitled to undertake any of those actions and has issued a further dispute notice to SOGTP in respect of those matters. Otto Tanzania will vigorously defend its position and its interest in the JOA and in the Kilosa-Kilombero PSA.

Further updates will be provided in accordance with the Company’s continuous disclosure obligations.