



2 July 2010

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

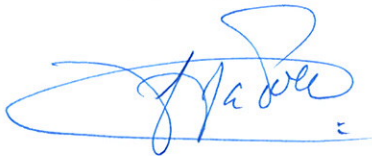
By E Lodgement

APPENDIX 3B: CONVERSION OF ORDINARY SHARES

Otto Energy Limited (**Company**) advises that 61,855,350 Ordinary Shares have been issued pursuant to the exercise of sub-underwriting options into 61,855,350 fully paid ordinary shares.

Please find attached an Appendix 3B in this regard.

Yours faithfully



Jaap Poll
Director

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

OTTO ENERGY LIMITED

ABN

56 107 555 046

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Ordinary fully paid shares (Shares)
Unlisted Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 61,855,350 Shares |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Ordinary fully paid shares |
| 4 | Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state: <ul style="list-style-type: none"> the date from which they do the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | Shares –Yes |

+ See chapter 19 for defined terms.

- 5 Issue price or consideration 61,855,350 Shares issued at 5 cents per Share pursuant to exercise of unlisted options. (5 cents, 3 July 2010).
- 6 Purpose of the issue
(If issued as consideration for the acquisition of assets, clearly identify those assets) Exercise of Plan Options
- 7 Dates of entering +securities into uncertificated holdings or despatch of certificates 2 July 2010

	Number	+Class
8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	1,134,540,071	Ordinary Fully Paid Shares

	Number	Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	3,666,734	Unlisted Plan Options (20 cents, 29 May 2011, 12 month vesting period)
	3,666,633	Unlisted Plan Options (30 cents, 29 May 2011, 18 month vesting period)
	1,666,633	Unlisted Plan Options (40 cents, 29 May 2011, 24 month vesting period)
	333,333	Unlisted Consultant Options (20 cents, 29 May 2011, 12 month vesting period)
	333,334	Unlisted Consultant Options (30 cents, 29 May 2011, 18 month vesting period)
	333,333	Unlisted Consultant Options (40 cents, 29 May 2011, 24 month vesting period)
	7,500,000	Unlisted Plan Options (30 cents, 17 Dec 2010)
	250,000	Unlisted Consultant Options (30 cents, 17 Dec 2010)
	11,000,000	Unlisted Director Options (30 cents, 25 Jan 2011)
	1,500,000	Unlisted Plan Options (35 cents, 10 April 2012)
	2,500,000	Unlisted Plan Options (60 cents, 1 Aug 2012)

+ See chapter 19 for defined terms.

2,000,000	Unlisted Options (60 cents, 15 Dec 2010)
7,500,000	Unlisted Options (12 cents, 30 June 2014)
6,000,000	Unlisted Plan Options (12 cents, 8 Sept 2012)
1,000,000	Unlisted Plan Options (12 cents, 19 Jan 2013)
5,500,000	Unlisted Plan Options (12 cents, 16 Feb 2013)

- 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

Ordinary Fully Paid Shares participation available from the date of issue.

Part 2 - Bonus issue or pro rata issue

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the *securities are *equity securities, the names of the 20 largest holders of the additional *securities, and the number and percentage of additional *securities held by those holders
- 36 ☐ If the *securities are *equity securities, a distribution schedule of the additional *securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional *securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of securities for which *quotation is sought		
39	Class of *securities for which quotation is sought		
40	Do the *securities rank equally in all respects from the date of allotment with an existing *class of quoted *securities?		
	If the additional securities do not rank equally, please state: - the date from which they do - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment		
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)		
42	Number and *class of all *securities quoted on ASX (including the securities in clause 38)	Number	*Class

Quotation agreement

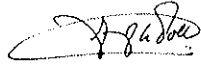
- 1 *Quotation of our additional *securities is in ASX's absolute discretion. ASX may quote the *securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the *securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those *securities should not be granted *quotation.
 - An offer of the *securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any *securities to be quoted and that no-one has any right to return any *securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the *securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the *securities to be quoted, it has been provided at the time that we request that the *securities be quoted.
- If we are a trust, we warrant that no person has the right to return the *securities to be quoted under section 1019B of the Corporations Act at the time that we request that the *securities be quoted.

+ See chapter 19 for defined terms.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before *quotation of the *securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

(Director)

Print name: Jaap Poll

Date:2 July 2010.....

+ See chapter 19 for defined terms.