OTTO ENERGY

14 June 2011

Ms Tonia Oliveira
Adviser, Listings
ASX Limited
Level 8 Exchange Plaza
2 The Esplanade
PERTH WA 6000

By Fax: 9221 2020

APPENDIX 3Y CHANGE IN DIRECTORS INTEREST NOTICE

I refer to your letter dated 10 June 2011 in relation to the lodgement of the Appendix 3Y and respond as follows in line with the numbering of your letter:

1. The Appendix 3Y was lodged late due to an administrative oversight. Otto Energy Ltd has recently concluded an extensive interstate and international roadshow over a 3 week period by head management and staff. Due to travel commitments and time zone constraints of head management, document review and approval of administrative matters was delayed.

2. The Company believes it has appropriate internal compliance and corporate governance policies and procedures in place to ensure Directors notify the Company Secretary immediately on acquiring or disposing of a relevant interest in any securities in the Company. We note that the late lodgement of the Appendix 3Y was a result of administrative oversight by the Company due to management unavailability and not due to a failure of the Directors compliance procedures.

3. The Company considers its current arrangement to be adequate to ensure timely notification.

If you require any further information to enable the assessment of this request, please contact Matthew Allen on 08 9467 8800.

Yours faithfully

Matthew Allen
Chief Financial Officer/Company Secretary

OTTO AT A GLANCE

- ASX-listed oil and gas company with significant growth potential.
- Production from Galoc Oil Field 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
Paul Moore	Managing Director
Ian Macliver	Director
Rufino Bomasang	Director
John Jetter	Director
Ian Boserio	Director
Matthew Allen	CFO/Coy Secretary

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ASX COMPLIANCE

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10 June 2011

Mr Matthew Allen
Company Secretary
Otto Energy Limited

By email: *allen@ottoenergy.com*

Dear Matthew

Otto Energy Limited Appendix 3Y – Change of Director's Interest Notice

We refer to the following;

1. The Appendix 3Y Change of Director's Interest Notice lodged by Otto Energy Limited (the "Company") with ASX Ltd ("ASX") on 8 June 2011 for Rufino Bomasang (the "Bomasang Appendix 3Y").

2. Listing rule 3.19A which requires an entity to tell ASX the following:

   3.19A.1 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.

   - On the date that the entity is admitted to the official list.
   - On the date that a director is appointed.

   The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.

   3.19A.2 A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust). The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.

   3.19A.3 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.

3. Listing rule 3.19B which states as follows.

   An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

As the Bomasang Appendix 3Y indicates that change in the director's notifiable interest occurred on 29 May 2011, it appears that the Bomasang Appendix 3Y should have been lodged with ASX by 3 June 2011. As the Bomasang Appendix 3Y was lodged on 8 June 2011, it appears that the Company may be in breach of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions:

1. Please explain why the Bomasang Appendix 3Y was lodged late.

2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?

3 If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by facsimile on facsimile number (08) 9221 2020. It should <u>not</u> be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than **9:00am on Wednesday 15 June 2011.**

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and should separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely,

T. Oliveira

Tonia Oliveira
Adviser, Listings (Perth)