

## AUDITORS' INDEPENDENCE DECLARATION

## INCOME STATEMENTS



BDO Kendalls Audit & Assurance (WA) Pty Ltd  
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23 September 2009

The Directors  
 Otto Energy Limited  
 32 Delhi Street  
 WEST PERTH WA 6005

Dear Sirs,

**DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF OTTO ENERGY LIMITED**

As lead auditor of Otto Energy Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Otto Energy Limited and the entities it controlled during the period.

**Brad McVeigh**  
 Director

**BDO Kendalls Audit & Assurance (WA) Pty Ltd**  
 Perth, Western Australia

BDO Kendalls is a national association of separate partnerships and entities. Liability limited by a scheme approved under Professional Standards Legislation.

**Income Statements**  
**For the Year Ended 30 June 2009**

	Note	Economic Entity		Parent Entity	
		2009 \$	2008 \$	2009 \$	2008 \$
<b>Revenue from continuing operations</b>	5	1,871,849	854,632	56,068	136,333
Other income	6	728,229	3,338,374	728,229	-
Employee benefits expense		(3,558,608)	(2,163,304)	(3,083,858)	(1,835,118)
Share based payment expense	7	(1,724,501)	(2,553,245)	(1,724,501)	(2,268,575)
Finance costs	7	(658,058)	(1,834)	(655,933)	(213)
Depreciation expense	7	(175,392)	(72,535)	(115,722)	(59,539)
Impairment expense	7	(49,431,593)	-	(59,128,084)	-
Other expenses	7	(3,716,774)	(2,250,073)	(2,645,271)	(2,169,762)
Capitalised costs written off		(192,839)	(26,861)	(64,091)	-
Unrealised foreign exchange gain/(loss)		(481,389)	(6,399,184)	13,313,669	(6,399,184)
Write back of prior year provision		-	-	-	441,722
Share of net profits/(losses) of associates	25	-	(843,611)	-	-
<b>Loss before income tax</b>		(57,339,076)	(10,117,641)	(53,319,494)	(12,154,336)
Income tax expense from continuing operations	8	(9,701)	(582,232)	-	-
<b>Loss attributable to equity holders of Otto Energy Limited</b>		(57,348,777)	(10,699,873)	(53,319,494)	(12,154,336)

Earnings Per Share		Cents	Cents
Basic loss per share	28	(10.06)	(3.12)
Diluted loss per share	28	n/a	n/a

The above income statements should be read in conjunction with the accompanying notes.