

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

OTTO ENERGY LIMITED

ABN

56 107 555 046

Quarter ended ("current quarter")

30 June 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A '000	Year to date (..... months) \$A '000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration & evaluation		
Excluding 1,800km ² SC55 seismic	(3,087)	(13,038)
1,800km ² SC55 seismic	(7,655)	(13,019)
(b) development	-	-
(c) production	-	-
(d) administration	(1,404)	(6,776)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	(4)
1.6 Income taxes paid	-	-
1.7 Other – Recharge income	298	667
Other – Seismic Acquisition Contribution	-	21,858
Net Operating Cash Flows	(11,848)	(10,312)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(123)	(224)
1.9 Proceeds from sale of		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	6,850	33,145
1.12 Other (provide details if material)	-	-
Net investing cash flows	6,727	32,921
1.13 Total operating and investing cash flows (carried forward)	(5,121)	22,609

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1.13	Total operating and investing cash flows (brought forward)	(5,121)	22,609
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(2)	(14)
1.18	Loan to employee	101	101
1.19	Costs associated with the issue of shares	(2)	(31)
	Net financing cash flows	97	56
	Net increase (decrease) in cash held	(5,024)	22,665
1.20	Cash at beginning of quarter/year to date	39,593	13,062
1.21	Exchange rate adjustments to item 1.20	(413)	(1,571)
1.22	Cash at end of quarter	34,156	34,156

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	173
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments of Directors Fees	110
Payments to Director Related Companies	63

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

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Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	Nil	Nil
		Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	900
4.2	Development	-
4.3	Production	3,100
4.4	Administration	1,400
Total		5,400

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	33,970	39,407
5.2 Deposits at call		-
5.3 Bank overdraft		-
5.4 Other – Term Deposit	186	186
Total: cash at end of quarter (item 1.22)	34,156	39,593

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	None		
6.2	Interests in mining tenements acquired or increased	None		

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>	Nil	Nil		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil	Nil		
7.3 +Ordinary securities	1,072,684,721	1,072,684,721		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	2,500,000 Nil	2,500,000 Nil	\$0.0001 cents (converted into shares following achievement of conversion milestone)	\$0.0001 cents (converted into shares following achievement of conversion milestone)
7.5 +Convertible debt securities <i>(description)</i>	Nil	Nil		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil	Nil		

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7.7	Options <i>(description and conversion factor)</i>	116,605,350 Unlisted	Nil	4,000,067 Exercise Price \$0.20 3,999,967 Exercise Price \$0.30 1,999,966 Exercise Price \$0.40 7,750,000 Exercise Price \$0.30 11,000,000 Exercise Price \$0.30 1,500,000 Exercise Price \$0.35 2,500,000 Exercise Price \$0.60 2,000,000 Exercise Price \$0.60 61,855,350 Exercise Price \$0.05 7,500,000 Exercise Price \$0.12 6,000,000 Exercise Price \$0.12 1,000,000 Exercise Price \$0.12 5,500,000 Exercise Price \$0.12	On or before 29 May 2011 On or before 29 May 2011 On or before 29 May 2011 On or before 17 Dec 2010 On or before 25 Jan 2011 On or before 10 Apr 2012 On or before 01 Aug 2012 On or before 15 Dec 2010 On or before 3 July 2010 On or before 30 June 2014 On or before 08 September 2012 On or before 19 January 2013 On or before 16 February 2013
7.8	Issued during quarter	6,500,000 Unlisted	Nil	1,000,000 Exercise Price \$0.12 5,500,000 Exercise Price \$0.12	On or before 19 January 2013 On or before 16 February 2013
7.9	Exercised during quarter	Nil	Nil	Nil	Nil
7.10	Expired during quarter	Nil	Nil	Nil	Nil
7.11	Debentures <i>(totals only)</i>	Nil	Nil	Nil	Nil
7.12	Unsecured notes <i>(totals only)</i>	Nil	Nil	Nil	Nil
	Performance Based Shares	Nil	Nil	Nil	Nil

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Changes during quarter (a) Expired	2,500,000	2,500,000	(converted into shares following achievement of conversion milestone)	(converted into shares following achievement of conversion milestone)
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Paul Moore
Chief Executive Officer
29 July 2010

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Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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