



21 December 2012

Jill Hewett  
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By EMAIL: [jill.hewitt@asx.com.au](mailto:jill.hewitt@asx.com.au)

Dear Jill

#### Response to ASX Query - Annual Report Corporate Governance Disclosure

We refer to your letter dated 18 December 2012, Otto Energy Ltd (ASX: OEL) (Company) provides the following additional information in compliance with ASX Listing Rule 4.10.3, and in particular, Principle 3 of the ASX Corporate Governance Principles and Recommendations with 2010 Amendments.

#### Recommendation 3.2

*"Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them."*

The Company has established a Diversity policy outlined on page 38 of the 2012 Annual Report as follows:

The Company recognises that a talented and diverse workforce is a key competitive advantage. The Company is committed to an inclusive workplace that embraces diversity and values, respects and leverages the unique contributions of people with diverse backgrounds, experiences and perspectives. Under the Company's Diversity policy it is a requirement to recruit and manage on the basis of competence and performance regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background. It is essential that we have the right person for the right job and that we deliver at a high level of performance.

The Company evaluates every position being filled to ensure that the right person is selected for the role. The Company currently employs people from multiple nationalities, including directly over 15 Filipinos, in the conduct of its operations. It is a requirement of the Petroleum Service Contracts that the Company operates under that it employs local staff over foreign expatriates.

Due to the size of the Company, the Board does not deem it practical to limit the Company to specific targets for gender diversity as it operates in a very competitive labour market. However, every candidate suitably qualified for a position has an equal opportunity of appointment regardless of gender, age, nationality or cultural background.

**Recommendation 3.3**

*"Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them."*

The Board has not established specific measureable objectives for achieving gender diversity as outlined in the response to Recommendation 3.2 above however the Board regularly assesses gender and other diversity issues in the operations of the Company and will act to address any diversity issues should this become necessary..

**Recommendation 3.4**

*"Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board."*

	Number	Proportion
Whole organisation	16/41	39%
Senior Executive positions	1/4	25%
Board	0/5	0%

**Recommendation 3.5**

*"Companies should provide the information indicated in the Guide to reporting on Principle 3."*

A full copy of the Diversity policy has been available on the Company's website since June 2011.

In addressing the requirements of Listing Rule 4.10.3, the Company notes that it has followed the requirements of the ASX Corporate Governance Council, with the exceptions as outlined above. The Company will ensure that future annual reports address these requirements.

Yours sincerely



**Matthew Allen**  
Company Secretary



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18 December 2012

Mr M Allen  
Company Secretary  
Otto Energy Limited  
32 Delhi Street  
WEST PERTH WA 6005

By Email: [allen@ottoenergy.com](mailto:allen@ottoenergy.com)

Dear Matthew

**OTTO ENERGY LIMITED (the "Company")**

We refer to the Company's annual report for the year ended 30 June 2012 ("Annual Report") released to the market on 5 October 2012 and in particular to the Company's disclosures about its corporate governance practices and in particular its diversity policy.

Listing rule 4.10.3 requires that an entity include in its annual report:

*"A statement disclosing the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed all of the recommendations the entity must identify those recommendations that have not been followed and give reasons for not following them. If a recommendation had been followed for only part of the period, the entity must state the period during which it had been followed."*

Principle 3 of the 2010 amendments to the 2<sup>nd</sup> edition of the ASX Corporate Governance Principles and Recommendations states that Companies should actively promote ethical and responsible decision-making and that:

*"Companies should publish their policy concerning diversity, or a summary of that policy, and disclose annually their measurable objectives for achieving gender diversity, their progress toward achieving those objectives and the proportion of women in the whole organisation, in senior management postings and on the board."*

More specifically the following recommendations set out in more detail the requirements:-

Recommendation 3.2

*"Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them."*

Recommendation 3.3

*"Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them."*

Recommendation 3.4

*"Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board."*

Recommendation 3.5

*"Companies should provide the information indicated in the Guide to reporting on Principle 3."*

The Listed Entities Updates dated 1 October 2010 and 7 February 2012, reminded listed entities of their obligation to report under the 2010 amendments to the 2<sup>nd</sup> edition of the ASX Corporate Governance Principles and Recommendations as set out above in their annual report for their first financial year commencing on or after 1 January 2011.

ASX Listings (ASXL) has reviewed the diversity policy disclosures in the annual reports of all entities. Upon our review of the Company's Annual Report, ASXL could not identify a statement in the annual report confirming whether the (entity type) had followed or not followed the diversity recommendations of the Council.

ASXL attaches particular importance to encouraging a consistently high standard of listed entities' disclosures about the Council's corporate governance recommendations.

**In light of the Company's non-disclosure in respect of the diversity recommendations in its Annual Report, ASXL requires that the Company make additional disclosure to the market in compliance with listing rule 4.10.3 about the extent to which the Company has followed or not followed each of the diversity recommendations of the Council.**

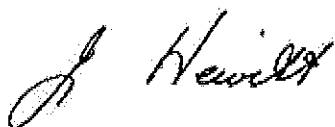
The additional disclosure should be sent to me by e-mail at [jill.hewitt@asx.com.au](mailto:jill.hewitt@asx.com.au) or by facsimile on facsimile number (08) 9221 2020. It should not be sent to ASX Market Announcements. This is requested as soon as possible and, in any event, not later than **9.30am WST on 28 December 2012**.

Under listing rule 18.7A, a copy of this letter and the additional disclosure will be released to the market, so your response should be presented in a suitable form.

Should the Company fail to do so, ASXL may consider suspending the Company's securities from quotation until the Company releases to the market a diversity policy that discloses the required information.

If you have any queries about this letter, or about the Council's recommendations and the Company's reporting obligations in relation to those recommendations, please contact me immediately.

Yours sincerely,



Jill Hewitt

Senior Adviser, Listings Compliance(Perth)