
Quarterly Activity Report FOR THE QUARTER ENDED 30 JUNE 2014

Highlights

Otis Energy Limited (ASX: OTE) is pleased to provide its quarterly activities report for the June 2014 period.

Corporate

Placement and Finances

During the quarter the Company completed a placement of 317,500,000 shares to raise \$317,500 for working capital purposes under the Company's 15% and 10% capacities under Listing Rules 7.1 and 7.1A.

The Company also undertook a review of its operating structure. A significant reduction in directors' fees and other operating expenses was implemented.

Otis Chairman Harry Hill noted the recent activity by the board to reduce costs and raise capital to pursue other growth and strategic opportunities. "We are acting to ensure the Company remains focussed, energised and open to a change of strategy or direction with the sole aim of delivering returns to its shareholders".

Yemen

During the second quarter 2013 Otis Energy Limited entered into an agreement with Mitsui E&P Middle East B.V. in relation to the acquisition of an 8.5% working interest (10% paying interest) in Block 7 in the Republic of Yemen.

During the recent quarter Mitsui E&P Middle East B.V. and Otis agreed to terminate the agreement covering the acquisition of an 8.5% interest in Block 7 Yemen. Otis is no longer pursuing a MENA strategy.

Operations

Catahoula Lake Project

The Company offered its Catahoula Lake asset for auction at The Oil & Gas Asset Clearinghouse sale held on 9th April 2014 in Houston, Texas. The asset was sold at auction for US\$1,350,000.

Comanche Project (16.66% BPOWI, 12.5% BPORI, 12.5% APOWI, 9.375% APORI)

During the quarter Otis and its working interest partners drilled and completed the fourth well at the Comanche project. The Laura Faye Sloan well was drilled to a total depth of 5,214 feet and completed in the top of the Mississippian Reef. To date the well has produced 2,374 BO and 2.6 MCF (9.375% Net to Otis) with no water. A decision to deepen the well further into the reef has been taken with no additional cost to Otis. This procedure will be carried out in late July.

Avalanche Project (10 - 12.389% WI, 7.4% - 9.0439% NRI)

The Roy O Martin 21 # 1 (12.389% WI and 9.0439% NRI) well was placed into production on 25 April 2013. The Roy O Martin well continues to produce at between 450 and 500 MCFPD with no decline in original bottom hole pressure.

Charro and Sombrero Project

Both the Charro Project and Sombrero Project have now been relinquished back to the operator after the continued poor performance of the first three wells drilled at these projects. Otis has no ongoing liability for plugging and or abandonment in these wells or the projects.

For more company information please visit our website at www.otisenergy.com or contact:

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The information in this announcement has been reviewed by David Brewer (a Certified Petroleum Geologist with the AAPG) who has over 30 years' experience in petroleum geology, and geophysics, prospect generation and evaluations, and prospect The information in this announcement has been reviewed by David Brewer (a Certified Petroleum Geologist with the AAPG) who has over 30 years' experience in petroleum geology, and geophysics, prospect generation and evaluations, and prospect and project level resource and risk estimations. Mr Brewer reviewed this announcement and consents to the inclusion of the geological and engineering descriptions and any estimated hydrocarbon resources in the form and context in which they appear. Any resource estimates contained in this report are in accordance with the standard definitions set out by the Society of Petroleum Engineers, further information on which is available at spe.org.

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal is required to determine the existence of a significant quantity of potentially moveable hydrocarbons

GLOSSARY OF TERMS

BOE – BARRELS OF OIL EQUIVALENT (Calculated at 6MCF = 1B0)

BOEPD – BOE PER DAY

BOPD - BARRELS OIL PER DAY

MCF – THOUSAND CUBIC FEET

MCFPD – MCF PER DAY

NRI – NET REVENUE INTEREST

BPOWI –BEFORE PAYOUT WORKING INTEREST

APOWI- AFTER PAYOUT WORKING INTEREST

BPORI- BEFORE PAYOUT REVENUE INTEREST

APORI- AFTER PAYOUT REVENUE INTEREST