

ASX Release

27 September 2011

## Update on Avalanche Project

**Otis Energy Limited (ASX: OTE)** is pleased to advise that progress on site preparation for the first well to be drilled at the Avalanche project is proceeding as planned. As of this morning the road to the drill site has been completed. The drill site is now cleared and, over the coming week, the board mats will be laid and the site preparation will be complete.

**Ensign Energy's Land Rig 751** has now completed its previous job and will be moved to site as soon as site preparations are complete with the spudding of the first well expected to take place on or around October 10th 2011. Expected time to target depth from spudding is 50 to 60 days.

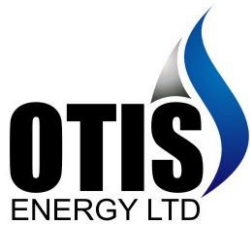


Well # 1 Location site work in progress.

### About the Avalanche Project;

The Avalanche project is located in South Central Louisiana and consists of an area of over 24,000 acres of which approximately 75% is covered by a proprietary 3D seismic survey. The project has reserve potential of 126 million barrels of oil and 379 billion cubic feet of gas.

Mapping of independent seismic events has led to the delineation of over 22 separate prospects across the 3D survey.



**Otis Energy Limited**

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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 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.*