



Otis Energy Limited

A.C.N. 075 419 715

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ASX Release

28 June 2012

Otis Acquires Interest in Stagecoach Prospect, Texas

Highlights

- **Multi pay Frio and Vicksburg sand targets.**
- **Cage Range 89 #1 well to spud in July 2012.**
- **Low entry and drilling costs.**

Otis Energy Limited (ASX: OTE) is pleased to announce the acquisition of a 10% WI (7.4% NRI) in the Stagecoach Prospect located in Brooks County, Texas.

The Stagecoach Prospect targets multiple Frio and Vicksburg sands to a depth of 8,000 feet in an area of strong Frio and Vicksburg gas/condensate production located between the Cage Range and Scott & Hopper Fields in Brooks County, Texas. The Cage Ranch 89 #1 well will test up to six separate Frio and Vicksburg sands targeting potential reserves of 1.8 BCFG (billion cubic feet of gas) and 100,000 barrels of oil. The Stagecoach Prospect in all likelihood will be a one well initial play with the possibility for a second well at some time in the future.

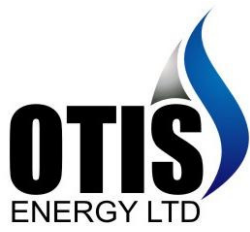
The Cage Ranch 89 #1 well drilling location is currently being built and should be complete by the end of this current week. Based on rig availability it is estimated that the Arrow Drilling # 9 rig should move to location on Monday July 9th. The well is expected to take between 12-15 days to drill.

The operator of the project, Kaler Energy, is a fully staffed, private exploration and production company with primary operations along the Upper Gulf Coast of Texas. It has been operating for over 12 years and currently operates over 42 active producing wells.

Otis will have a low cost of entry in the Stagecoach Prospect by paying \$20,000 for reimbursement of costs for acreage, geology, geophysical and engineering work. Otis will also fund, on a third for a quarter basis before payout, the drilling costs for the first well drilled at Stagecoach (funding 13.33% to casing point). Expected total costs to drill, complete and equip the well with production facilities stand at \$142,720 to Otis. DHC = \$77,420 to Otis and total completion cost = \$93,745 to Otis.

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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.