

ASX Release

23 May 2012

Catahoula Lake Project - Results of Third Well

Otis Energy Limited (ASX: OTE) provides the following update on the third well in the 2012 drilling program at its Catahoula Lake project (20% Working Interest).

SL 20884 # 2 well was drilled to a final depth of 4,800 feet (1,463 metres). While the well encountered multiple shows and required side wall cores to be taken it has been determined that the well is sub-economic. Plugging operations have begun and the Company's jointly owned barge rig will move to the fourth well of the 2012 drilling season aiming to spud by Thursday.

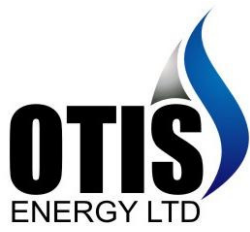
Update on Completion of the SL 20846 #1 well.

The SL 20846 # 1 well which was drilled successfully on May 15th has now had packers and production tubing set in place and construction of the production platform and laying of flow lines to the Company's jointly owned production facilities is expected to commence soon. Once this is complete the well will be put into production and flow tested.



Production Facilities at Catahoula Lake

Otis will provide regular market updates to the market on drilling progress at the Catahoula Lake project.



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About the Catahoula Lake Project;

The Catahoula Lake project is located in LaSalle, Rapides, and Grant parishes, Louisiana and is targeting multiple “stacked” oil zones throughout the Middle-Wilcox formation at depths ranging from 3,500 to 5,500 feet. Wells drilled in the Middle-Wilcox formation typically exhibit long production lives with low decline rates after the initial flush oil is produced and relatively steady production is established. Ultimate oil recoveries are expected to range from 50,000 through to 250,000 barrels for each successful well drilled.

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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.