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Flow Test Update at Comanche Test Well # 1

Highlights

- **Well making up to 145 BOEPD on gas lift**
- **36% of Frac fluid produced back to date**
- **Third well to be drilled January 2013**
- **Independent study underway to look at further completion optimization**

Otis Energy Limited (ASX:OTE) (the "Company" or "Otis") is pleased to provide the following update on progress at its Comanche Project (16.66% BPOWI, 12.5% BPORI; 12.5% APOWI, 9.375% APORI).

Otis announced today the successful and ongoing flow test of the Horizontal Test Well # 1 well located at the Comanche Project, North Central Texas.

The well was completed in the Marble Falls Limestone formation and had an initial 14-day average gross production rate of 103 barrels of oil equivalent per day (BOEPD) with spot rates as high as 145 BOEPD.

The well is currently producing an average of approximately 135 BOEPD as the operator continues to pump fracking fluid from the well (36% complete) in order to optimize production from the well.

The Test Well # 1 well was drilled to a total measured depth of 8,000 feet (2,438 metres) , including a 3,000 foot (914 metre) lateral, and was completed with eight stages of fracture stimulation. Assuming continued positive performance from the Test Well # 1, the Company believes it could have multiple potential horizontal well locations located in the Northern section of its Comanche acreage position.

Barnaby Egerton-Warburton, Otis' CEO commented, "We are very pleased with the Test Well # 1 well. While we have only flowed back approximately 36% of the frac fluid and have some way to go until optimized production is reached, initial production results from this well, as well as continued good production results from our Test Well # 2 (averaged 155 BOEPD since coming online on 15th September) are clearly encouraging for further development of our Comanche acreage with horizontal wells. A third well is planned for January 2013 once an independent analysis of well logs and fracture stimulation procedures is complete".

About Comanche

The Comanche Project is located in North Central Texas, and targets the Marble Falls Limestone formation (MFL) at a vertical depth of approximately 5,000 to 5,100 feet (1,554 metres). Wells are drilled horizontally at approximately 2,500 3,000 feet (914 metres) to target the MFL, which is highly prospective for oil, natural gas liquids and natural gas.

About Otis Energy Limited

Otis Energy Limited is an ASX-listed company engaged in the exploration, development and production of oil and gas in the United States with a particular focus on the Gulf States of Texas, New Mexico, Louisiana and Mississippi. Otis is particularly focussed on the application of modern drilling and completion techniques in the previously discovered yet undeveloped hydrocarbon trends.

Otis Energy aims to maintain its current portfolio of low to medium risk project areas that can be competitively drilled with minimal front end cost loading normally associated with the amassing of a geological and geophysical database. Otis Energy’s Dallas offices are staffed by two Geologists, one Reservoir Engineer and two Landmen allowing Otis to generate and review exploration and production projects internally.

Otis Energy’s current portfolio includes:

Project	Working Interest	Revenue Interest	Location
<i>Comanche Project</i>	<i>12.5%</i>	<i>12.5% BPORI</i>	<i>North Central Texas</i>
<i>Avalanche Project</i>	<i>10%</i>	<i>7.5%</i>	<i>South Central Louisiana</i>
<i>Catahoula Lake Project</i>	<i>20%</i>	<i>15.9%</i>	<i>Central Louisiana</i>
<i>Charro Project</i>	<i>5.5%</i>	<i>4.29%</i>	<i>New Mexico</i>
<i>Sombrero</i>	<i>5%</i>	<i>3.75%</i>	<i>New Mexico</i>
<i>San Jacinto 3D Project</i>	<i>10% earning</i>	<i>7.5% earning</i>	<i>San Jacinto, Texas</i>
<i>Stagecoach</i>	<i>10%</i>	<i>7.4%</i>	<i>Texas</i>

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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.

GLOSSARY OF TERMS

- BIAPO – BACK IN AFTER PAYOUT
- BOE – BARRELS OF OIL EQUIVALENT
- BOPD - BARRELS OIL 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