
Quarterly Activity Report FOR THE QUARTER ENDED 31 MARCH 2014

Highlights

- **Sale of Catahoula Lake Project.**
- **Fourth Well at Comanche set to spud April 15th.**
- **Yemen acquisition now with Yemen Ministry of Minerals awaiting approval.**

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

Corporate

Catahoula Lake Sale

The Company's 20% working interest in the Catahoula Lake project was placed for sale in the Oil and Gas Auction Clearing House sale held in Houston on April 9th 2014. The asset was sold for \$US1,350,000 (a PV3 valuation). It is expected that funds from the sale will be received before mid May 2014.

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.

Having signed the agreement, the confidential process defined by the Joint Operating Agreement is triggered and the Company now awaits the completion of that process to determine whether it can proceed toward the acquisition of the interest in Block 7. Completion of the acquisition is subject to approval from the Yemen Government. This process is now with the Yemen Ministry of Minerals and must pass through their legal, financial and administrative departments before the Minister for Oil and Minerals can approve the transaction.

During the previous quarter the Non-Government Joint Venture Partners for the Block 7 exploration licence in the Yemeni Republic approved the sale of Mitsui's 8.5% interest to Otis Energy. The longstop date on the agreement with Mitsui to acquire its interest in Block 7 is April 24th 2014.

Operations

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

Otis has a 16.66% BPOWI with a 12.5% in the Comanche Project and is targeting the Marble Falls Limestone (MFL). A total of three wells have now been drilled at Comanche. The first two wells, the Sloan and Hoefle wells were completed with 3,000 feet lateral sections and fracture stimulated, the Lott Unit # 1 well, was completed as a vertical well with three stage fracture stimulation in the Marble Falls Formation.

During the quarter Otis and its working interest partners in closed the sale of 9,274 non-core acres at the Comanche Project. The Company was paid US\$323,218 for its relevant interests.

The fourth well to be drilled at the project is expected to spud on April 15th. The Laura Faye Sloan # 1 well is as 5,200 +/- vertical test of a Mississippian Reef prospect identified by the recently completed 3D seismic survey acquired by the Comanche Project partners.

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.

The Avalanche Project is located in Evangeline Parish Louisiana, covers close to 24,000 acres and is approximately 75% covered by a proprietary 3D seismic survey.

Charro Project

The two wells at the Charro Project, Paddy 20 State #1 and Paddy 23 State # 1, continued to produce at very low rates during the quarter.

Other Assets

There was no material exploration or development activity at any of the other assets during the quarter.

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