

**Otis Energy Limited**

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ASX Release**25 October 2011****Update on Avalanche Project**

Otis Energy Limited (ASX: OTE) is pleased to provide the following update on progress at its Avalanche project (Otis Energy 10% WI , 7.3% NRI).

The Avalanche #1 well is currently at a depth of 5,574 feet with 13 3/8 inch surface casing having been set at 3,320 feet. The well will be drilled to a total vertical depth of 17,500 feet (5334 metres) with intermediate casing set across several depths.

Time to target depth from spud date (which was 16 October 2011) is expected to be between 50 to 60 days.

The first well at Avalanche will test four identified zones for a reserve potential of 3.3MMBO to 44 MMBO and 9.9BCFG to 123BCFG.

Updates will be provided to the market on a weekly basis until target depth is reached and potential flow testing begins.

About the Avalanche Project;

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

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

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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.