



ODYSSEY
ENERGY LIMITED

ASX ANNOUNCEMENT

29 JANUARY 2015

DECEMBER 2014 QUARTERLY REPORT

The Directors of Odyssey Energy Limited (“**Odyssey**” or “**Company**”) are pleased to present the December 2014 quarterly report.

Highlights during, and subsequent to, the quarter were as follows:

- The Company continued to monitor and assess the best method to extract value from the McClain County Project noting that major US Operators are continuing to develop the Woodford Shale gas and gas-liquids plays in the Anadarko Basin in central Oklahoma;
- The Company continued in its efforts to identify and acquire suitable new business opportunities in the oil and gas and other sectors both domestic and overseas. In this regard, the Company will make announcements to the market as appropriate should an acquisition occur;
- Completed the shortfall component of the three for two renounceable entitlements offer (“**Offer**”) to raise an additional \$0.8 million (before costs) through the issue of 15,802,794 ordinary shares at an issue price of \$0.05 each; and
- As at 31 December 2014, the Company had approximately \$4.35 million in cash.

The Board continues to focus on creating value from the Company’s existing assets, as well as pursuing new opportunities in the oil and gas and other sectors.

For enquiries, please contact:

Dylan Browne | **Company Secretary**

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Operations - McClain County Project – Odyssey 50% WI:

Odyssey holds a 50% working interest in a project area in the Anadarko Basin in Oklahoma comprising 1,626 gross acres, and targeting gas and oil in the Woodford Shale at between 6,000 and 8,000 feet.

Major Operators have been focusing on developing this Shale as a liquids-rich gas play, with permitting and drilling activity continuing over recent months in adjacent counties. While activity in the region continues to expand the evaluation is still largely focused on greater depths than the prospective section in the Company's acreage.

Corporate

Entitlements Offer

During the quarter, the Company completed the shortfall component of the Entitlements Offer to raise an additional \$0.8 million (before costs).

As at 31 December 2014, the Company had approximately \$4.35 million in cash placing the Company in a strong position to pursue new opportunities in the oil and gas and other sectors.

Business Development

During the quarter, the Company continued to assess a number of new business opportunities targeting oil and gas and other sectors, both domestically and overseas. However no agreements have been reached or licences granted and the Directors are not able to assess the likelihood or timing of a successful acquisition or grant of any opportunities.

In order to expand the current project base, the Company needs to identify suitable prospective tracts of land, undertake preliminary title work and then seek to enter into oil and gas leases with the owners of the mineral rights.

It should be noted that identifying prospective tracts of land and negotiating oil and gas leases in the USA can be a complex, expensive and relatively long process given that numerous parties may hold the undivided mineral rights to a particular tract of land, making it extremely difficult to identify the owners of the mineral rights and then be able to secure sufficient contiguous leases to justify undertaking exploration and development activities.

As obtaining leases in the USA involves a substantial amount of legal work and associated expenses even before leasing can begin, the Company will be taking a considered and staged approach to securing new leases and there is no guarantee that the Company will be able to obtain leases on commercially acceptable terms or of a sufficient scale to justify exploration and development activities.

Investments

The Company continues to hold 2.75 million shares in Marion Energy Limited ("**Marion**") which it originally received following the sale of its subsidiary OEL Operating (USA) to Marion Energy.

Marion's securities currently remain suspended from trading on the ASX.

Exploration Tenement Information

As at 31 December 2014, the Company has an interest in the following project:

Project	Net Acreage Participation	Odyssey Working Interest
McClain County Project	1,626	50.0%

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

ODYSSEY ENERGY LIMITED

ABN

71 116 151 636

Quarter ended ("current quarter")

31 DECEMBER 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(6)	(23)
(b) development	-	-
(c) production	-	-
(d) administration	(69)	(183)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	26	35
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(49)	(171)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(49)	(171)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(49)	(171)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	790	3,275
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material) - Share issue transaction costs	(35)	(63)
	Net financing cash flows	755	3,212
	Net increase (decrease) in cash held	706	3,041
1.20	Cash at beginning of quarter/year to date	3,640	1,305
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	4,346	4,346

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	(41)
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments include Directors fees, superannuation and provision of a fully serviced office.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not applicable.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not applicable.

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	25
4.2 Development	-
4.3 Production	-
4.4 Administration	50
Total	75

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	4,346	3,640
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	4,346	3,640

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	109,176,820	109,176,820	Not applicable	Not applicable
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	15,802,794	15,802,794	\$0.05	\$0.05
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	-	-	<i>Exercise price</i> -	<i>Expiry date</i> -
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	(18,548,856)	(18,548,856)	<i>Exercise price</i> \$0.50	<i>Expiry date</i> 31 Dec 2014
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 29 January 2015
(~~Director~~/Company secretary)

Print name: DYLAN BROWNE

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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