



ODYSSEY
ENERGY LIMITED

ODYSSEY ENERGY LIMITED
ABN 73 116 151 636

**Interim Financial Report
for the Half Year Ended
31 December 2014**

CORPORATE DIRECTORY

Directors

Mr Ian Middlemas – Chairman
 Mr Mark Pearce
 Mr David Cruse

Company Secretary

Mr Dylan Browne

Registered and Corporate Office

Level 9, BGC Centre
 28 The Esplanade
 Perth WA 6000

Telephone: +61 8 9322 6322

Facsimile: +61 8 9322 6558

Share Registry

Computershare Investor Services Pty Ltd
 Level 2
 45 St Georges Terrace
 Perth WA 6000

Telephone: 1300 55 70 10

International: +61 8 9321 2000

Facsimile: +61 8 9323 2033

Stock Exchange Listing

Australian Securities Exchange
 Home Branch – Perth
 2 The Esplanade
 Perth WA 6000

ASX Code

ODY – Fully paid ordinary shares

Solicitors

Hardy Bowen, Lawyers

Auditor

Deloitte Touche Tohmatsu

Bankers

Australia and New Zealand Banking Group Limited

CONTENTS

	Page
Directors' Report	1
Directors' Declaration	4
Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income	5
Condensed Consolidated Statement of Financial Position	6
Condensed Consolidated Statement of Changes in Equity	7
Condensed Consolidated Statement of Cash Flows	8
Notes to the Financial Statements	9
Auditor's Independence Declaration	12
Auditor's Review Report	13

The Board of Directors of Odyssey Energy Limited present their report on the consolidated entity of Odyssey Energy Limited (“the Company” or “Odyssey”) and the entities it controlled during the half year ended 31 December 2014 (“Consolidated Entity”).

DIRECTORS

The names of the Directors of Odyssey in office during the half year and until the date of this report are:

Mr Ian Middlemas	Chairman
Mr Mark Pearce	Non-Executive Director
Mr David Cruse	Non-Executive Director

Unless otherwise shown, all Directors were in office from the beginning of the half year until the date of this report.

OPERATING AND FINANCIAL REVIEW

Operations

Highlights during the half year and since the end of the half year include:

- (i) 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;
- (ii) 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; and
- (iii) The Company completed a three for two renounceable entitlements offer (“Offer”) to raise \$3.3 million (before costs) which will enable the Company to continue exploration activities and to pursue new opportunities in the oil and gas and other sectors.

McClain County Oil & Gas Project

Odyssey holds a 50% working interest in the 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 slightly increasing 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.

Business Development

During the half year, 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.

OPERATING AND FINANCIAL REVIEW (Continued)

Operations (Continued)

Business Development (Continued)

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.

Corporate

Share Consolidation and Entitlements Issue

During the half year, the Company completed a 1 for 10 capital consolidation ("Consolidation") thereby reducing the number of shares on issue to 43.7 million. The number of options on issue were also consolidated on a 1 for 10 basis, with the exercise price of the options increasing in inverse proportion to the consolidation ratio. The options subsequently expired on 31 December 2014.

Following the completion of the Consolidation, the Company undertook a pro rata renounceable entitlements Offer to raise \$3.3 million before costs through the issue of 65.5 million new ordinary shares at an issue price of \$0.05 each.

Funds raised from the Offer will enable the Company to continue exploration activities and to pursue new opportunities in the oil and gas and other sectors.

Results of Operations

	Half Year Ended 31 December 2014	Half Year Ended 31 December 2013
	\$	\$
Loss of the Consolidated Entity before income tax expense	(163,338)	(187,865)
Income tax expense	-	-
Net loss for the half year	(163,338)	(187,865)

Financial Position

The Company had cash reserves of \$4,345,728 at 31 December 2014 (30 June 2014: \$1,305,501), placing the Company in an excellent position to conduct its current activities and to pursue new business development opportunities.

SUBSEQUENT EVENTS AFTER BALANCE DATE

At the date of this report there were no significant events occurring after balance date requiring disclosure.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Deloitte Touche Tohmatsu, to provide the Directors of Odyssey Energy Limited with an Independence Declaration in relation to the review of the half year financial report. This Independence Declaration is on page 12 and forms part of this Directors' Report.

Signed in accordance with a resolution of Directors.



MARK PEARCE
Director

19 February 2015

DIRECTORS' DECLARATION



In accordance with a resolution of the Directors of Odyssey Energy Limited, I state that:

In the opinion of the Directors:

- (a) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) section 304 (compliance with accounting standards and Corporations Regulations 2001); and
 - (ii) section 305 (true and fair view); and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Board

A handwritten signature in blue ink that reads "M Pearce".

MARK PEARCE
Director

19 February 2015

**CONDENSED CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE HALF YEAR ENDED 31 DECEMBER 2014



ODYSSEY
ENERGY LIMITED

	Note	Half Year Ended 31 December 2014 \$	Half Year Ended 31 December 2013 \$
Continuing Operations			
Interest revenue		44,753	28,054
Administration expenses		(197,215)	(195,669)
Business development expenses		(5,438)	(17,213)
Exploration expenses		(5,438)	(3,037)
Loss before income tax expense		(163,338)	(187,865)
Income tax expense		-	-
Net loss for the half year		(163,338)	(187,865)
Loss attributable to members of Odyssey Energy Limited		(163,338)	(187,865)
Other comprehensive income, net of income tax:			
<i>Items that will not be reclassified subsequently to profit or loss</i>		-	-
<i>Items that may be reclassified subsequently to profit or loss</i>		-	-
Other comprehensive income for the half year, net of tax		-	-
Total comprehensive loss for the half year		(163,338)	(187,865)
Total comprehensive loss attributable to members of Odyssey Energy Limited		(163,338)	(187,865)
Basic and diluted loss per share from continuing operations (cents per share) ¹	5	(0.21)	(0.43)

Notes:

¹ The 31 December 2013 comparative for basic and diluted loss per share from continuing operations have been restated to take into account the 1 for 10 Consolidation that occurred during the period.

The above Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

**CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**
AS AT 31 DECEMBER 2014



ODYSSEY
ENERGY LIMITED

	Note	31 December 2014 \$	30 June 2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents		4,345,728	1,305,501
Trade and other receivables		23,556	17,177
Total Current Assets		4,369,284	1,322,678
Non-current Assets			
Available-for-sale financial assets	3	-	-
Total Non-current Assets		-	-
TOTAL ASSETS		4,369,284	1,322,678
LIABILITIES			
Current Liabilities			
Trade and other payables		84,778	75,390
Total Current Liabilities		84,778	75,390
TOTAL LIABILITIES		84,778	75,390
NET ASSETS		4,284,506	1,247,288
EQUITY			
Contributed equity	4	29,075,938	25,875,382
Reserves		94,859	94,859
Accumulated losses		(24,886,291)	(24,722,953)
TOTAL EQUITY		4,284,506	1,247,288

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY**
FOR THE HALF YEAR ENDED 31 DECEMBER 2014



	Contributed Equity \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2014	25,875,382	94,859	(24,722,953)	1,247,288
Net loss for the period	-	-	(163,338)	(163,338)
Total comprehensive loss for the period	-	-	(163,338)	(163,338)
Transactions with owners, recorded directly in equity				
Issue of shares	3,275,305	-	-	3,275,305
Share issue transaction costs	(74,749)	-	-	(74,749)
Balance at 31 December 2014	29,075,938	94,859	(24,886,291)	4,284,506
Balance at 1 July 2013	25,875,382	94,859	(24,318,022)	1,652,219
Net loss for the period	-	-	(187,865)	(187,865)
Total comprehensive loss for the period	-	-	(187,865)	(187,865)
Balance at 31 December 2013	25,875,382	94,859	(24,505,887)	1,464,354

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**CONDENSED CONSOLIDATED STATEMENT
OF CASH FLOWS**
FOR THE HALF YEAR ENDED 31 DECEMBER 2014



ODYSSEY
ENERGY LIMITED

	Half Year Ended 31 December 2014 \$	Half Year Ended 31 December 2013 \$
Cash flows from operating activities		
Payments to suppliers and employees	(226,628)	(255,922)
Interest received	34,699	29,135
GST refunds received	20,113	18,598
Net cash outflows from operating activities	(171,816)	(208,189)
Cash flows from investing activities		
Other investing activities	-	-
Net cash outflow from investing activities	-	-
Cash flows from financing activities		
Proceeds from issue of shares	3,275,305	-
Share issue transaction costs	(63,262)	-
Net cash inflow from financing activities	3,212,043	-
Net increase/(decrease) in cash and cash equivalents held	3,040,227	(208,189)
Cash and cash equivalents at 1 July	1,305,501	1,713,137
Cash and cash equivalents at 31 December	4,345,728	1,504,948

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The interim condensed consolidated financial statements of the Group for the half year ended 31 December 2014 were authorised for issue in accordance with the resolution of the directors on 19 February 2015.

This general purpose financial report for the interim half year reporting period ended 31 December 2014 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Odyssey for the year ended 30 June 2014 and any public announcements made by Odyssey and its controlled entities during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(b) Basis of Preparation of Half Year Financial Report

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2014, other than as detailed below.

(c) New Accounting Standards

In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2014. New and revised standards and amendments thereof and interpretations effective for the current half year that are relevant to the Group include:

- AASB 132 *Financial Instruments: Presentation* and AASB 2012-3 Amendments to Australian Accounting Standards arising from AASB 132;
- AASB 136 *Impairment of Assets* and AASB 2013-3 Amendments to Australian Accounting Standards arising from AASB 136; and
- AASB 1031 *Materiality* and AASB 2013-9 (Part B) Amendments to Australian Accounting Standards to delete references to AASB 1031.

The adoption of new and revised Standards and Interpretations has not affected the amounts reported for the current or prior periods. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2. SEGMENT INFORMATION

The Consolidated Entity operates in one segment, being the resources sector in the United States of America. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity.



3. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Consolidated 31 December 2014 \$	Consolidated 30 June 2014 \$
Shares in listed company	17,531,250	17,531,250
Less impairment in value	(17,531,250)	(17,531,250)
Fair value at reporting date	-	-

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.

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

4. CONTRIBUTED EQUITY

	Consolidated 31 December 2014 \$	Consolidated 30 June 2014 \$
(a) Share Capital		
109,176,820 (30 June 2014: 436,707,975 on a Pre-Consolidation basis) fully paid ordinary shares	29,075,938	25,875,382

(b) Movements in Share Capital during the past 6 months:

	Number of Ordinary Shares	Issue Price \$	\$
1-Jul-14			
Opening Balance	436,707,975	-	25,875,382
7-Aug-14	(393,037,247)	-	-
28-Nov-14	65,506,092	\$0.05	3,275,305
Jul-14 to Dec-14	-	-	(74,749)
31-Dec-14			
Closing Balance	109,176,820		29,075,938

(c) Movements in Options during the past 6 months:

	Number of Listed Options	\$
1-Jul-14		
Opening Balance	185,489,080	-
7-Aug-14	(166,940,224)	-
31-Dec-14	(18,548,856)	-
31-Dec-14		
Closing Balance	-	-



5. EARNINGS PER SHARE

	Consolidated	
	Half Year Ended 31 December 2014 \$	Half Year Ended 31 December 2013 \$
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net earnings/(loss)	(163,338)	(187,865)
Earnings/(loss) used in calculating basic earnings per share	(163,338)	(187,865)

	Number of Shares Half Year Ended 31 December 2014	Number of Shares Half Year Ended 31 December 2013
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	77,115,118	43,670,728

On 7 August 2014, the Company completed a 1 for 10 Consolidation. The weighted average number of ordinary shares used in calculating basic and diluted earnings per share has been retrospectively adjusted in both current and prior periods to reflect the impact of the Consolidation.

6. CONTINGENT ASSETS AND LIABILITIES

At the last annual reporting date, the Consolidated Entity did not have any contingent assets or liabilities. There has been no material change in contingent assets and liabilities of the Consolidated Entity during the half year.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The value of the Group's financial assets and liabilities, which comprises of cash and cash equivalents, trade and other receivables, available-for-sale assets and trade and other payables may be impacted by foreign exchange movements. At 31 December 2014 and 31 December 2013, the carrying value of the Group's financial assets and liabilities approximate their fair value. Please refer to Note 3 for further disclosure.

8. DIVIDENDS PAID OR PROVIDED FOR

No dividend has been paid or provided for during the half year.

9. SUBSEQUENT EVENTS AFTER BALANCE DATE

At the date of this report there were no significant events occurring after balance date requiring disclosure.

The Board of Directors
Odyssey Energy Limited
Level 9, 28 The Esplanade
PERTH WA 6000

19 February 2015

Dear Board Members

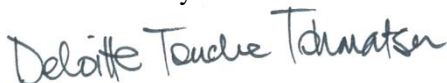
Odyssey Energy Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Odyssey Energy Limited.

As lead audit partner for the review of the financial statements of Odyssey Energy Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Neil Smith
Partner
Chartered Accountants

Independent Auditor's Review Report to the members of Odyssey Energy Limited

We have reviewed the accompanying half-year financial report of Odyssey Energy Limited, which comprises the condensed statement of financial position as at 31 December 2014, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 4 to 11.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Odyssey Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Odyssey Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Odyssey Energy Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Neil Smith

Partner

Chartered Accountants

Perth, 19 February 2015