



ODYSSEY
ENERGY LIMITED

ASX ANNOUNCEMENT

29 JULY 2016

JUNE 2016 QUARTERLY REPORT

The Directors of Odyssey Energy Limited (“**Odyssey**” or “**Company**”) are pleased to present the June 2016 quarterly report.

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

- The Company continued in its efforts to identify and acquire suitable new business opportunities in the oil and gas, resources and other sectors including technology, both domestically and overseas. In this regard, the Company will make announcements to the market as appropriate should an acquisition occur;
- As previously advised, the Company has been searching for additional oil or gas leases and has now secured a small acreage position (710 acres) with gas rights in McLean County, Kentucky, USA;
- The McClean County Project is adjacent to historical gas wells, and the Company will assess the available historical data in order to determine how to best proceed with the project;
- The Company continued to monitor and evaluate 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; and
- As at 30 June 2016, the Company had approximately \$3.95 million in cash reserves placing the Company in a strong position to conduct its current activities and to pursue new business development opportunities.

For enquiries, please contact:

Clint McGhie | **Company Secretary**

Tel: +61 8 9322 6322

Operations

McLean County Project – Odyssey 100% WI

As previously advised, the Company has been searching for additional oil or gas leases and has now secured a small acreage position following the acquisition of a 100% working interest in a project area in McLean County, Kentucky, USA.

The project comprising three gas leases consisting of four (4) tracts of property totalling 710 acres and are located adjacent to the Rough Creek Fault System, which is a large regional fault system. Several historical gas wells are contained within or adjacent to the project.

The Company will consider available historical data to determine future activity for this project area, which may include expansion of the lease area footprint and/or exploration activities.

As previously advised, the system for obtaining title to gas leases in the USA is complex given that numerous parties may hold the undivided mineral rights to a particular tract of land. This can be a lengthy and expensive process. It is therefore customary that such title opinions are not sought until the Company proposes to conduct a drilling operation and/or expend significant amounts of money on a particular lease. As a result, limited title work has been conducted to date, and further title work will need to be completed before any substantial exploration expenditure is incurred.

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.

Corporate

Business Development

During the quarter, the Company continued to assess a number of new business opportunities targeting oil and gas, resource and other sectors including technology, 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.

The previously issued 1,000,000 performance rights expired on 30 June 2016.

Exploration Tenement Information

As at 30 June 2016, the Company has an interest in the following projects:

| Project | Net Acreage Participation | Odyssey Working Interest |
|--------------------------------------|---------------------------|--------------------------|
| McLean County Project ⁽¹⁾ | 710 | 100% |
| McClain County Project | 1,626 | 50.0% |

Note:

(1) The McLean County Project comprises 3 gas leases that were completed after the end of the Quarter but are effective 27 June 2016.

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")

30 JUNE 2016

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|----------------------------|--|
| 1.1 Receipts from product sales and related debtors | - | - |
| 1.2 Payments for (a) exploration & evaluation | (21) | (45) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (97) | (266) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 24 | 102 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Other (provide details if material) - Business development | (8) | (23) |
| Net Operating Cash Flows | (102) | (232) |
| 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) | (102) | (232) |

+ 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) | (102) | (232) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | - | - |
| 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 | - | - |
| | Net financing cash flows | - | - |
| | Net increase (decrease) in cash held | (102) | (232) |
| 1.20 | Cash at beginning of quarter/year to date | 4,052 | 4,182 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 3,950 | 3,950 |

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 | (112) |
| 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 | 20 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 80 |
| Total | 100 |

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 | 3,950 | 4,052 |
| 5.2 Deposits at call | - | - |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | 3,950 | 4,052 |

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 | McLean County Project, Kentucky | - | 100% WI |

+ 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 | | | | |
| 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 / Rights <i>(description and conversion factor)</i> | | | | |
| 7.8 Issued during quarter | | | | |
| 7.9 Exercised during quarter | | | | |
| 7.10 Expired during quarter - Performance Rights | 1,000,000 | - | - | 30 June 2016 |
| 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 July 2016
(~~Director~~/Company secretary)

Print name: Clint McGhie

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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