

2014

ANNUAL REPORT



ODYSSEY
ENERGY LIMITED

ABN 73 116 151 636



ODYSSEY

ENERGY LIMITED

CORPORATE DIRECTORY

DIRECTORS:

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

COMPANY SECRETARY:

Mr Dylan Browne

REGISTERED AND PRINCIPAL OFFICE:

Level 9, BGC Centre
28 The Esplanade
Perth WA 6000
Tel: +61 8 9322 6322
Fax: +61 8 9322 6558

SHARE REGISTER:

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

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STOCK EXCHANGE LISTING:

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

ASX CODE:

ODY – Fully paid ordinary shares
ODYO – \$0.50 Listed options

SOLICITORS:

Hardy Bowen Lawyers

AUDITORS:

Deloitte Touche Tohmatsu

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The Directors of Odyssey Energy Limited present their report on the consolidated entity consisting of Odyssey Energy Limited ("the Company" or "Odyssey" or "Parent Entity") and the entities it controlled at the end of, or during, the year ended 30 June 2014 ("Consolidated Entity" or "Group").

DIRECTORS

The names of directors in office at any time during the financial year or since the end of the financial year are:

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

Unless otherwise disclosed, Directors held their office from 1 July 2013 until the date of this report.

CURRENT DIRECTORS AND OFFICERS

Ian Middlemas

Chairman

Qualifications – B.Com, CA

Mr Middlemas is a Chartered Accountant, a member of the Financial Services Institute of Australasia and holds a Bachelor of Commerce degree. He worked for a large international Chartered Accounting firm before joining the Normandy Mining Group where he was a senior group executive for approximately 10 years. He has had extensive corporate and management experience, and is currently a director with a number of publicly listed companies in the resources sector.

Mr Middlemas was appointed a Director of the Company on 14 September 2009. During the three year period to the end of the financial year, Mr Middlemas has held directorships in Paringa Resources Limited (October 2013 – present), Berkeley Resources Limited (April 2012 – present), Prairie Mining Limited (August 2011 – present), Papillon Resources Limited (May 2011 – present), Pacific Ore Limited (April 2010 – present), Wildhorse Energy Limited (January 2010 – present), Equatorial Resources Limited (November 2009 – present), WCP Resources Limited (September 2009 – present), Sovereign Metals Limited (July 2006 – present), Sierra Mining Limited (January 2006 – June 2014), Decimal Software Limited (July 2013 – April 2014), Global Petroleum Limited (April 2007 – December 2011) and Coalspur Mines Limited (March 2007 – October 2011).

Mark Pearce

Non-Executive Director

Qualifications – B.Bus, CA, FAGIA, F Fin

Mr Pearce is a Chartered Accountant and is currently a director of several listed companies that operate in the resources sector. He has had considerable experience in the formation and development of listed resource companies and has worked for several large international Chartered Accounting firms. Mr Pearce is also a Fellow of the Governance Institute of Australia and a Fellow of the Financial Services Institute of Australasia.

Mr Pearce was appointed a Director and Company Secretary of the Company on 14 September 2009. During the three year period to the end of the financial year, Mr Pearce has held directorships in Prairie Mining Limited (August 2011 – present), Pacific Ore Limited (April 2010 – present), Equatorial Resources Limited (November 2009 – present), WCP Resources Limited (September 2009 – present), Sovereign Metals Limited (July 2006 – present), Decimal Software Limited (July 2013 – April 2014) and Coalspur Mines Limited (March 2007 – October 2011).

DIRECTORS' REPORT

(Continued)

CURRENT DIRECTORS AND OFFICERS (Continued)

David Cruse

Non-Executive Director

Qualifications – B.Pharm

Mr Cruse has had a long career in commerce and finance. He was a stockbroker for over 20 years, where he held senior management positions and directorships in the stockbroking industry, with particular focus on capital markets. Recently, Mr Cruse has been involved in the identification and commercialisation of a number of resource (including oil and gas) projects.

Mr Cruse was appointed a director of Odyssey Energy Limited on 3 October 2008. During the three year period to the end of the financial year, Mr Cruse has held a directorship in RTG Mining Inc. (March 2013 – present) and CGA Mining Limited (November 2009 – February 2013).

Dylan Browne

Company Secretary

Qualifications – B.Com, CA, AGIA

Mr Browne is a Chartered Accountant and associate member of the Governance Institute of Australia. He commenced his career at a large international accounting firm and has since worked in the corporate office of a number of listed companies that operate in the resources sector.

Mr Browne was appointed Company Secretary of the Company on 31 October 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial year consisted of oil and gas exploration, appraisal and development activities. There has been no change in the nature of those activities.

DIVIDENDS

No dividends have been declared, provided for or paid in respect of the year ended 30 June 2014 (2013: nil).

EARNINGS PER SHARE

	2014 Cents	2013 Cents
Basic and diluted loss per share	(0.09)	(0.07)

CORPORATE STRUCTURE

Odyssey Energy Limited is a company limited by shares that is incorporated and domiciled in Australia. The Company has prepared a consolidated financial report including the entities it incorporated and controlled during the financial year.

OPERATING AND FINANCIAL REVIEW

Operations

Highlights during and subsequent to the financial year end were as follows:

- Completed a 1 for 10 consolidation of capital as approved at a General Meeting of shareholders on 24 July 2014;
- On 10 September 2014, announced that the Company had undertaken a renounceable entitlements offer ("Offer") to raise \$2.5 million before costs through the issue of 49,703,298 new ordinary shares at an issue price of \$0.05 each;
- Directors will exercise their discretion to offer shortfall securities under the Offer of 15,802,794 shares to nominated parties to raise an additional \$0.8 million before costs. In accordance with the ASX Listing Rules the shortfall securities will be allotted within three months from the closing date of the Offer;
- 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 has conducted detailed due diligence on eight projects; and
- Continued limited desktop reviews of geological information and monitoring activities and results of projects nearby the Company's McClain County Project due to a prolonged reduction in US gas prices.

McClain County Oil & Gas Project

Odyssey holds a 50% working interest in a project area in the Anadarko Basin in Oklahoma comprising 1,626 gross acres, and is 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

During the year, the Company continued with its efforts in the identification and acquisition of a number of new business opportunities in the oil and gas and other sectors, both domestic and overseas. In this regard, the Company conducted due diligence on eight of these projects during the year. The Company maintains a disciplined approach to reviewing new opportunities which included a site visit and a number of technical and legal reviews. Unfortunately, none of these opportunities were ultimately considered prospective enough to proceed to an acquisition. In conjunction with a number of third parties, the Company also progressed with a number of applications for selected oil and gas exploration/prospecting licenses, which to date have either been unsuccessful or a decision is still pending. It is important to note that no agreements have been reached and the Directors are not able to assess the likelihood or timing of a successful outcome of any of the opportunities.

On 17 June 2014, the Company announced that it would undertake a three for two renounceable Offer to raise up to \$3.28 million (before costs) through the issue of 65.5 million new ordinary shares at an issue price of \$0.05 each.

Subsequent to the end of the year, the Company raised \$2.5 million before costs through the issue of 49,703,298 new ordinary shares under the Offer. The Directors will exercise their discretion to offer 15,802,794 million shortfall securities under the Offer to nominated parties to raise an additional \$0.8 million before costs. In accordance with the ASX Listing Rules the shortfall securities will be allotted within three (3) months from the closing date of the Offer.

Funds raised from the Offer will be used by the Company to improve the Company's ability to attract new business opportunities in the oil and gas and other sectors as well as to expand its existing project base.

DIRECTORS' REPORT

(Continued)

Results of Operations

	2014 \$	2013 \$
Loss of the Consolidated Entity before income tax expense	(404,931)	(325,801)
Income tax expense	-	-
Net loss for the year	(404,931)	(325,801)

Financial Position

The Company had cash reserves of \$1,305,501 at 30 June 2014 (2013: \$1,713,137).

At the date of this report, the Company had cash reserves of \$3.6 million following the Offer, which raised \$2.5 million before costs through the issue of 49,703,298 new ordinary shares at an issue price of \$0.05 each. The Directors will exercise their discretion to offer shortfall securities under the Offer of 15,802,794 shares to nominated parties to raise an additional \$0.8 million. In accordance with the ASX Listing Rules, the shortfall securities will be allotted within three months from the closing date of the Offer. This places the Company in an excellent position to attract new business opportunities in the oil and gas and other sectors as well as to expand its existing project base.

At 30 June 2014, the Company had net assets of \$1,247,288 (2013: \$1,652,219), a decrease of 24.5% compared with the previous year, which is consistent with and attributable to the current year's net loss after tax.

Business Strategies and Prospects for Future Financial Years

The objective of the Group is to create long-term shareholder value through the discovery, development and acquisition of potentially viable projects in the energy sector.

To date, the Group has not commenced production, nor has it identified a resource. To achieve its objective, the Group currently has the following business strategies and prospects over the medium to long term:

- continuing to examine other new business development opportunities in the energy sector, both locally and overseas;
- apply for new oil and gas exploration interests; and
- explore other non-energy related business development opportunities in the resources sector.

All of these activities are inherently risky and the Board is unable to provide certainty that any or all of these activities will be able to be achieved. The material business risks faced by the company that are likely to have an effect on the Group's future prospects, and how the Group manages these risks, include:

- **New Projects and Acquisitions** – The Company has to date and will continue to actively pursue and assess other new business opportunities in the resources sector and in particular the energy sector. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, or direct equity participation. The acquisition of projects (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence and prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If a proposed acquisition is not completed, monies already advanced may not be recoverable, which may have a material adverse effect on the Company. If any acquisition is completed, the Company will need to reassess, at that time, the funding allocated to any current projects and new projects, which may result in the Company reallocating funds from other projects and/or the raising of additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with a new project/business activities will remain. Furthermore, if a new investment or acquisition is not completed, then the Company may not be in a position to comply with the ongoing Listing Rules, which includes but is not limited to, maintaining a sufficient level of operations and financial position. Given the nature of oil and gas exploration, this may also occur if the Company abandons and/or relinquishes a project which is no longer considered viable;

- **The Company's exploration properties may never be brought into production** – The exploration for, and development of, energy and/or resource projects involve a high degree of risk. Few properties which are explored are ultimately developed into production. To mitigate this risk, the Company will undertake systematic and staged exploration and testing programs on its projects. However there can be no guarantee that the exploration activities will result in a successful discovery of economically recoverable reserves;
- **The Company's activities will require further capital** – The exploration and any development of future and current projects will require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and any development of the Company's projects or even a loss of project interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company;
- **The Company may be adversely affected by fluctuations in commodity prices** – **The price of oil and gas** fluctuates widely and is affected by numerous factors beyond the control of the Company. Future production, if any, from the Company's projects will be dependent upon the price of oil or gas being adequate to make these projects economic. The Company currently does not engage in any hedging or derivative transactions to manage commodity price risk. As the Company's operations change, this policy will be reviewed periodically going forward; and
- **Global financial conditions may adversely affect the Company's growth and profitability** – Many industries, including the energy and resources industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. Due to the current nature of the Company's activities, a slowdown in the financial markets or other economic conditions may adversely affect the Company's growth and ability to finance its activities. If these increased levels of volatility and market turmoil continue, the Company's activities could be adversely impacted and the trading price of the Company's shares could be adversely affected.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the year.

SIGNIFICANT EVENTS AFTER BALANCE DATE

- On 7 August 2014, the Company completed a consolidation of the Company's capital, on the basis of 1 share for every 10 existing shares, as approved by shareholders at a General Meeting of shareholders on 24 July 2014. The 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; and
- On 10 September 2014, the Company announced that it had undertaken a renounceable Offer to raise \$2.5 million (before costs) through the issue of 49,703,298 new ordinary shares at an issue price of \$0.05 each. The Directors will exercise their discretion to offer shortfall securities under the Offer of 15,802,794 shares to nominated parties to raise up to an additional \$0.8 million (before costs).

Other than as disclosed above, as at the date of this report there are no matters or circumstances, which have arisen since 30 June 2014 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2014, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2014, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2014, of the Consolidated Entity.

DIRECTORS' REPORT

(Continued)

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity's operations are subject to various environmental laws and regulations under the relevant government's legislation, including Oklahoma, USA. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve.

Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by relevant government authorities. There have been no significant known breaches by the Consolidated Entity during the financial year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group will seek to progress exploration, appraisal and field development activities on its remaining oil and gas projects. The Company will also continue to examine new opportunities in the energy sector.

These activities are inherently risky and there can be no certainty that the Group will be able to successfully achieve the objectives. In the opinion of the Directors, any further disclosure of information regarding likely developments in the operations of the Group and the expected results of these operations in subsequent financial years may prejudice the interests of the Company and accordingly further information has not been disclosed.

INFORMATION ON DIRECTORS' INTERESTS IN SECURITIES OF ODYSSEY

The following table sets out each Director's relevant interest in shares and Listed Options of the Company as at the date of this report:

	Interest in Securities at the date of this Report (Post Consolidation basis)	
	Shares ¹	\$0.50 Listed Options ²
Ian Middlemas	5,775,000	1,010,000
David Cruse	2,028,379	385,349
Mark Pearce	2,256,000	400,400

Notes:

¹ "Shares" means fully paid ordinary shares in the capital of the Company.

² "\$0.50 Listed Options" means an option to subscribe for 1 ordinary Share in the capital of the Company at an exercise price of \$0.50 on or before 31 December 2014. These \$0.50 Listed Options were subscribed for by the Directors and not issued in connection with their employment.

³ The Company completed a consolidation of capital, on the basis of 1 share for every 10 existing shares, as approved by shareholders at a General Meeting on 24 July 2014. The Options on issue have also been consolidated on a 1 for 10 basis, with the exercise price of the Options increasing in inverse proportion to the consolidation ratio.

⁴ Subsequent to the end of the year, the Company undertook a three for two renounceable Offer. Pursuant to the Offer, the Directors accepted their full entitlement.

SHARE OPTIONS

At the date of this report the following options have been issued over unissued capital:

- 18,548,856 \$0.50 Listed Options expiring 31 December 2014.

During the year and since 30 June 2014, no shares have been issued as a result of the exercise of options. On 7 August 2014, the Company completed a consolidation capital resulting in the Options on issue being consolidated on a 1 for 10 basis, with the exercise price of the Options increasing in inverse proportion to the consolidation ratio.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's directors held during the year ended 30 June 2014, and the number of meetings attended by each director.

Current Directors	Board Meetings Number Eligible to Attend	Board Meetings Number Attended
Ian Middlemas	2	2
David Cruse	2	2
Mark Pearce	2	2

The Board currently does not have any committees, however this will be reviewed should the size and nature of the Company's activities change.

REMUNERATION REPORT - AUDITED

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Key Management Personnel ("KMP") of the Group.

Details of Key Management Personnel

The KMP of the Group during or since the end of the financial year were as follows:

Directors

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

Other KMP

Mr Dylan Browne	Company Secretary
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Unless otherwise disclosed, the KMP held their position from 1 July until the date of this report.

Remuneration Policy

The remuneration policy for the Group's KMP (including the Managing Director – if applicable) has been developed by the Board taking into account:

- the size of the Group;
- the size of the management team for the Group;
- the nature and stage of development of the Group's current operations; and
- market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

In addition to considering the above general factors, the Board has also placed emphasis on the following specific issues in determining the remuneration policy for KMP:

DIRECTORS' REPORT

(Continued)

REMUNERATION REPORT – AUDITED (Continued)

Remuneration Policy (Continued)

- the Company is currently focused on identifying new business projects, and undertaking exploration, appraisal and development activities;
- risks associated with small cap resource companies whilst acquiring, exploring and developing projects; and
- other than profit which may be generated from asset sales, the Company does not expect to be undertaking profitable operations until sometime after the successful commercialisation, production and sales of gas from one or more of its current projects, or the acquisition of a profitable project.

Remuneration Policy for Executives (if applicable)

The Group's remuneration policy is to provide a fixed remuneration component and a performance based component (including incentive and/or performance based securities, see below). The Board believes that this remuneration policy is appropriate given the considerations discussed in the section above and is appropriate in aligning KMP objectives with shareholder and business objectives.

Fixed Remuneration

Fixed remuneration consists of base salaries, as well as employer contributions to superannuation funds and other non-cash benefits.

Fixed remuneration is reviewed annually by the Board (if applicable). The process consists of a review of company and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices.

Performance Based Remuneration – Short Term Incentive

Executives (if applicable) may be entitled to an annual cash bonus upon achieving various key performance indicators ("KPI's"), as set by the Board. The Board has focused the Consolidated Entity's efforts on finding and completing new business opportunities. The Board considers that the prospects of the Consolidated Entity and resulting impact on shareholder wealth are largely linked to the success of this approach, rather than by referring to current or prior year earnings.

Accordingly, the Board may pay a bonus to executive KMP's based on the success in generating suitable new business opportunities. A further bonus may also be paid upon the successful completion of a new business acquisition. No bonuses were paid during the current financial year.

Performance Based Remuneration – Long Term Incentive

The Board may issue incentive securities to some executives (if applicable) as a key component of the incentive portion of their remuneration, in order to attract and retain the services of any executives and to provide an incentive linked to the performance of the Consolidated Entity. The Board considers that for each executive who may receive securities in the future, their experience in the resources industry will greatly assist the Consolidated Entity in progressing its projects to the next stage of development and the identification of new projects. As such, the Board believes that the number of incentive securities to be granted to any executives will be commensurate to their value to the Consolidated Entity.

The Board has a policy of granting incentive securities to executives (if applicable) with exercise prices at and/or above market share price (at the time of agreement). As such, incentive securities granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Consolidated Entity increases sufficiently to warrant exercising the incentive securities granted.

Other than service-based vesting conditions, there are not expected to be additional performance criteria if incentive securities are granted to executives, as given the speculative nature of the Consolidated Entity's activities and the small management team responsible for its running, it is considered the performance of the executives and the performance and value of the Consolidated Entity are closely related. If other forms of incentive securities are issued, then performance milestones may be applied.

The Company's Securities Trading Policy prohibits KMP's from entering into arrangements to limit their exposure to Incentive Securities granted as part of their remuneration package.

Remuneration Policy for Non-Executive Directors

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. Given the current size, nature and risks of the Company, incentive securities have been used to attract and retain Non-Executive Directors. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting. Total directors' fees paid to all non-executive directors are not to exceed \$150,000 per annum. Director's fees paid to Non-Executive Directors accrue on a daily basis. Fees for Non-Executive Directors are not linked to the performance of the economic entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and Non-Executive Directors may in limited circumstances receive incentive securities in order to secure their services.

Fees for the Chairman are presently \$36,000 (2013: \$36,000) and fees for Non-Executive Directors (other than the Chairman) are \$20,000 per annum (2013: \$20,000). These fees cover main board activities only. Non-Executive Directors may receive additional remuneration for other services provided to the Company, including but not limited to, membership of committees.

Relationship between Remuneration of KMP and Shareholder Wealth

During the Company's project identification, acquisition, exploration and development phases of its business, the Board anticipates that the Company will retain earnings (if any) and other cash resources for the exploration and development of its resource projects. Accordingly the Company does not currently have a policy with respect to the payment of dividends and returns of capital. Therefore there was no relationship between the Board's policy for determining, the nature and amount of remuneration of KMP and dividends paid and returns of capital by the Company during the current and previous four financial years.

The Board did not determine the nature and amount of remuneration of the KMP by reference to changes in the price at which shares in the Company traded between the beginning and end of the current and the previous four financial years. Discretionary annual cash bonuses, when applicable, will be based on achieving various non-financial key performance indicators to be determined by the Board. However, as noted above, KMP's may receive Incentive Securities in the future which generally will only be of value should the value of the Company's shares increase sufficiently to warrant exercising the Incentive Securities.

Relationship between Remuneration of KMP and Earnings

As discussed above, the Company is currently undertaking new project acquisition, exploration and development activities, and does not expect to be undertaking profitable operations (other than by way of material asset sales, none of which is currently planned) until sometime after the successful commercialisation, production and sales of commodities from one or more of its projects. Accordingly the Board does not consider earnings during the current and previous four financial years when determining the nature and amount of remuneration of KMP.

General

In addition to a focus on operating activities, the Board is also focused on finding and completing new business and other corporate opportunities. The Board considers that the prospects of the Company and resulting impact on shareholder wealth will be enhanced by this approach. Accordingly, a bonus may be paid upon the successful completion of a new business or corporate transaction. No bonuses were paid or are payable in respect to the current financial year.

Where required, Key Management Personnel receive superannuation contributions, currently equal to 9.25% of their salary, and do not receive any other retirement benefit. From time to time, some individuals have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to Key Management Personnel is valued at cost to the company and expensed. Incentive securities are valued using the Binomial option valuation methodology. The value of these incentive securities is expensed over the vesting period.

DIRECTORS' REPORT

(Continued)

REMUNERATION REPORT – AUDITED (Continued)

Remuneration of Key Management Personnel

Details of the nature and amount of each element of the remuneration of each director and KMP of the Company for the year ended 30 June 2014 and 30 June 2013 are as follows:

	Short-term		Post-employment	Share based Payments	Total	Performance Related
	Salary & Fees	Other ²	Super-annuation benefits	Value of Unlisted Securities		
2014 Directors	\$	\$	\$	\$	\$	%
Directors						
Mr Ian Middlemas	36,000	-	-	-	36,000	-
Mr David Cruse	20,000	-	1,850	-	21,850	-
Mr Mark Pearce	20,000	-	1,850	-	21,850	-
Other KMP						
Mr Dylan Browne ¹	-	-	-	-	-	-
Total	76,000	-	3,700	-	79,700	-

	Short-term		Post-employment	Share based Payments	Total	Performance Related
	Salary & Fees	Other ²	Super-annuation benefits	Value of Unlisted Securities		
2013 Directors	\$	\$	\$	\$	\$	%
Directors						
Mr Ian Middlemas	36,000	-	3,240	-	39,240	-
Mr David Cruse	20,000	-	1,800	-	21,800	-
Mr Mark Pearce	20,000	-	1,800	-	21,800	-
Other KMP						
Mr Dylan Browne ¹	-	-	-	-	-	-
Total	76,000	-	6,840	-	82,840	-

Notes:

¹ Mr Browne was appointed on 31 October 2012. Mr Browne provides services as the Company Secretary through a services agreement with Apollo Group Pty Ltd ('Apollo'). During the year, Apollo was paid, or is payable, \$207,000 (2013: \$222,000) for the provision of a fully serviced office and administrative, accounting and company secretarial services to the Group.

² During the year, no remuneration was paid in the form of a long-term incentive bonus, non-monetary benefit, prescribed benefit or other benefit to key management personnel.

Shareholdings of Key Management Personnel

Pre-Consolidation Basis						
2014	Held at 1 July 2013 (#)	Granted as Reumer- ation (#)	Sales (#)	Purchases (#)	Net Change Other (#)	Held at 30 June 2014 (#)
Directors						
Ian Middlemas	23,100,000	-	-	-	-	23,100,000
David Cruse	8,113,528	-	-	-	-	8,113,528
Mark Pearce	9,024,000	-	-	-	-	9,024,000
Other KMP						
Mr Dylan Browne	150,000	-	-	-	-	150,000
	40,387,528	-	-	-	-	40,387,528

Pre-Consolidation Basis						
2013	Held at 1 July 2012 (#)	Granted as Reumer- ation (#)	Sales (#)	Purchases (#)	Net Change Other (#)	Held at 30 June 2013 (#)
Directors						
Ian Middlemas	23,100,000	-	-	-	-	23,100,000
David Cruse	8,113,528	-	-	-	-	8,113,528
Mark Pearce	9,024,000	-	-	-	-	9,024,000
Other KMP						
Mr Dylan Browne	- ¹	-	-	150,000	-	150,000
	40,237,528	-	-	150,000	-	40,387,528

Notes:

¹ As at date of appointment

Option holdings of Key Management Personnel

Pre-Consolidation Basis						
2014	Held at 1 July 2013 (#)	Granted as Reumer- ation (#)	Options Exercised (#)	Net Change Other (#)	Held at 30 June 2014 (#)	Vested and exercisable at 30 June 2014 (#)
Directors						
Mr Ian Middlemas	10,100,000	-	-	-	10,100,000	10,100,000
Mr David Cruse	3,853,504	-	-	-	3,853,504	3,853,504
Mr Mark Pearce	4,004,000	-	-	-	4,004,000	4,004,000
Other KMP						
Mr Dylan Browne	-	-	-	-	-	-
	17,957,504	-	-	-	17,957,504	17,957,504

DIRECTORS' REPORT

(Continued)

REMUNERATION REPORT – AUDITED (Continued)

Option holdings of Key Management Personnel (Continued)

2013	Held at 1 July 2012 (#)	Granted as Reumer- ation (#)	Options Exercised (#)	Net Change Other (#)	Held at 30 June 2013 (#)	Vested and exercisable at 30 June 2013 (#)
Directors						
Mr Ian Middlemas	10,100,000	-	-	-	10,100,000	10,100,000
Mr David Cruse	3,853,504	-	-	-	3,853,504	3,853,504
Mr Mark Pearce	4,004,000	-	-	-	4,004,000	4,004,000
Other KMP						
Mr Dylan Browne	- ¹	-	-	-	-	-
	17,957,504	-	-	-	17,957,504	17,957,504

Notes:

¹ As at date of appointment

Incentive Securities Granted to Key Management Personnel

No incentive securities were granted as part of their remuneration to key management personnel during the 2014 or 2013 financial years.

There were no incentive securities granted, exercised or that lapsed for any Key Management Personnel of the Company or Group during the financial 2014 and 2013 years.

Employment Contracts with Key Management Personnel

No employment contracts have been entered into with any directors or executives of the Company.

Apollo Group Pty Ltd, a company of which Mr Mark Pearce is a Director and beneficial shareholder, was paid \$207,000 (2013: \$222,000) for the provision of serviced office facilities and administration services. The amount is based on a monthly retainer due and payable in advance and is able to be terminated by either party with one month's notice. This item has been recognised as an expense in the Statement of Profit and Loss and Other Comprehensive Income. The balance payable to Apollo Group Pty Ltd included in the statement of financial position at 30 June 2014 is nil (2013: \$18,500).

End of the audited Remuneration Report.

INSURANCE OF OFFICERS AND AUDITORS

The Constitution of the Company requires the Company, to the extent permitted by law, to indemnify any person who is or has been a director or officer of the Company or Group for any liability caused as such a director or officer and any legal costs incurred by a director or officer in defending an action for any liability caused as such a director or officer.

During or since the end of the financial year, no amounts have been paid by the Company or Group in relation to the above indemnities.

During or since the end of the financial year, the Company or Group has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by a person who is or has been a director, officer or auditor of the Company or Group.

NON-AUDIT SERVICES

There were no non-audit services provided by the auditor (or by another person or firm on the auditor's behalf) during the financial year.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is on page 14 of the Annual Financial Report and forms part of this report.

This report is made in accordance with a resolution of the directors made pursuant to section 298(2) of the Corporations Act 2001.

For and on behalf of the Directors



MARK PEARCE
Director

25 September 2014

AUDITOR'S INDEPENDENCE DECLARATION



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

25 September 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 audit of the financial statements of Odyssey Energy Limited for the financial year ended 30 June 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

A handwritten signature in dark ink, appearing to read "Neil Smith".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in dark ink, appearing to read "Neil Smith".

Neil Smith
Partner
Chartered Accountants

**CONSOLIDATED STATEMENT OF PROFIT OR
LOSS AND OTHER COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 30 JUNE 2014



	Notes	2014 \$	2013 \$
Continuing operations			
Revenue	2(a)	50,022	76,345
Administration costs		(376,534)	(380,671)
Business development costs		(56,794)	(14,162)
Exploration costs		(21,625)	(7,313)
Loss before income tax expense		(404,931)	(325,801)
Income tax expense	4	-	-
Loss for the year		(404,931)	(325,801)
Loss attributable to members of Odyssey Energy Limited		(404,931)	(325,801)
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 year, net of tax		-	-
Total comprehensive loss for the year		(404,931)	(325,801)
Total comprehensive loss attributable to members of Odyssey Energy Limited		(404,931)	(325,801)
Basic and Diluted loss per share from continuing operations (cents per share)	16	(0.09)	(0.07)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL
POSITION**
AT 30 JUNE 2014

	Notes	2014 \$	2013 \$
Current Assets			
Cash and cash equivalents	17(b)	1,305,501	1,713,137
Trade and other receivables	5	17,177	16,439
Total Current Assets		1,322,678	1,729,576
Non-current Assets			
Property, plant and equipment		-	786
Available-for-sale financial assets	6	-	-
Total Non-current Assets		-	786
TOTAL ASSETS		1,322,678	1,730,362
Current Liabilities			
Trade and other payables	7	75,390	78,143
Total Current Liabilities		75,390	78,143
TOTAL LIABILITIES		75,390	78,143
NET ASSETS		1,247,288	1,652,219
EQUITY			
Contributed equity	8(a)	25,875,382	25,875,382
Reserves	9(a)	94,859	94,859
Accumulated losses		(24,722,953)	(24,318,022)
TOTAL EQUITY		1,247,288	1,652,219

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014



	Notes	2014 \$	2013 \$
Cash flows from operating activities			
Interest received		52,442	71,787
Payments to suppliers and employees		(487,887)	(402,747)
Refunds of GST received		27,809	36,730
Net cash outflow from operating activities	17(a)	(407,636)	(294,230)
Cash flows from investing activities			
Other investing activities		-	-
Net cash outflow from investing activities		-	-
Cash flows from financing activities			
Other financing activities		-	-
Net cash inflow from financing activities		-	-
Net decrease in cash and cash equivalents held		(407,636)	(294,230)
Cash and cash equivalents at the beginning of financial year		1,713,137	2,007,367
Cash and cash equivalents at the end of the financial year	17(b)	1,305,501	1,713,137

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY**
FOR THE YEAR END 30 JUNE 2014

	Issued Capital \$	Currency Translation Reserve \$	Option Premium Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2012	25,875,382	94,859	-	(23,992,221)	1,978,020
Net loss for the year	-	-	-	(325,801)	(325,801)
Total comprehensive loss for the year attributable to members of Odyssey Energy Limited	-	-	-	(325,801)	(325,801)
As at 30 June 2013	25,875,382	94,859	-	(24,318,022)	1,652,219
Net loss for the year	-	-	-	(404,931)	(404,931)
Total comprehensive loss for the year attributable to members of Odyssey Energy Limited	-	-	-	(404,931)	(404,931)
As at 30 June 2014	25,875,382	94,859	-	(24,722,953)	1,247,288

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the financial report of the Company, Odyssey Energy Limited and its consolidated entities ("Consolidated Entity" or "Group") for the year ended 30 June 2014 are stated to assist in a general understanding of the financial report.

Odyssey Energy Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The financial report of the Company for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on 25 September 2014.

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") and interpretations adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated statements, the Company is a for-profit entity.

The financial report has also been prepared on a historical cost basis, except for other financial assets at fair value through profit or loss and available-for-sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards. Compliance with Australian Accounting Standards ensures the consolidated financial report also complies with International Financial Reporting Standards (IFRS).

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. These new accounting standards have not had any significant impact on the Group's financial report. Further details of these new accounting standards are set out in the individual accounting policy notes set out below.

As a consequence of the adoption of AASB 2011-4 amendments to AASB 124 'Related Party Disclosures', the individual Key Management Personnel disclosure previously required in the notes has been removed and included in the Remuneration Report. The adoption of AASB 2011-8 Amendments to AASB 13 'Fair Value Measurement' has resulted in an additional disclosure in the Group's notes to the consolidated financial statement.

At the date of authorising the financial report, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2014. These are outlined in the table below:

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 2012-3	Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
Interpretation 21	Levies	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014
(Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Statement of Compliance (Continued)

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 9/IFRS 9	Financial Instruments	On 24 July 2014, the IASB issued the final version of IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of IFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. - Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. - Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. - Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. - Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: - The change attributable to changes in credit risk are presented in other comprehensive income (OCI) - The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.	1 January 2018	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2018

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
AASB 2013-4	Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]	AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
AASB 2013-5	Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	These amendments define an investment entity and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 Business Combinations when it obtains control of another entity. These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
AASB 2013-7	Amendments to AASB 1038 arising from AASB 10 in relation to Consolidation and Interests of Policyholders [AASB 1038]	AASB 2013-7 removes the specific requirements in relation to consolidation from AASB 1038, which leaves AASB 10 as the sole source for consolidation requirements applicable to life insurer entities.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
AASB 1031	Materiality	The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.	20 December 2013 1 January 2014 1 January 2015	These amendments are not expected to have any significant impact on the Group's financial report.	30 June 2014 1 July 2014 1 July 2015

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014
(Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Statement of Compliance (Continued)

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 2014-1 Part A - Annual Improvements 2010–2012 Cycle	Amendments to Australian Accounting Standards Part A Annual Improvements to IFRSs 2010–2012 Cycle	AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle. Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: a) AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. b) AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. c) AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. d) AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. e) AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.	1 July 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
AASB 2014-1 Part A - Annual Improvements 2011–2013 Cycle	Amendments to Australian Accounting Standards – Part A Annual Improvements to IFRSs 2011–2013 Cycle	Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items: a) AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132. b) AASB40 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.	1 July 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Odyssey Energy Limited ("Company" or "Parent Entity") as at 30 June 2014 and the results of all subsidiaries for the year then ended. Odyssey Energy Limited and its subsidiaries together are referred to as the Consolidated Entity or Group.

Control is only achieved when the Group has the power over the investee (i.e. ability to direct relevant activities of the investee), is exposed, or has rights, to variable returns from its involvement with the investee, and when it has the ability to use its power to affect its returns. When the Group has less than a majority of the voting rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the investee, including the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders, the potential voting rights held by the Company, other vote holders or other parties and any rights arising from other contractual arrangements.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Intercompany transactions and balances, income and expenses and profits and losses between Group companies, are eliminated.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Entity, using consistent accounting policies. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements of the Company.

(d) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services,
- Nature of the production processes,
- Type or class of customer for the products and services,
- Methods used to distribute the products or provide the services, and if applicable,
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

(Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Foreign Currency Translation

Both the functional and presentation currency of the Parent Entity at 30 June 2014 was Australian Dollars.

The following table sets out the functional currency of the foreign company controlled by the Parent Entity during the year:

Company Name	Functional Currency
OEL E&P (USA), Inc	United States Dollars

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

All exchange differences in the consolidated financial report are taken to the profit and loss statement with the exception of differences in foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the profit and loss statement. Tax charges and tax credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

Where the functional currency of a subsidiary of the Parent Entity is not Australian Dollars the assets and liabilities of the subsidiary at reporting date are translated into the presentation currency of the Parent Entity at the rate of exchange ruling at the reporting date and the profit and loss statements are translated by applying the monthly average exchange rate.

Any exchange differences arising on this retranslation are taken directly to other comprehensive income.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity and relating to that particular foreign operation is recognised in profit and loss.

(f) Revenue Recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

(ii) Interest

Interest revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying value amount of the financial asset.

(g) Income Tax

The income tax expense for the year is the tax payable on the current year's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose on goodwill or in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Parent Entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against tax liabilities and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

The Parent Entity and its wholly owned Australian controlled entities (if any) have not implemented the tax consolidation legislation.

(h) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

(Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Business Combinations (Continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share based payment awards are measured in accordance with AASB 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

(i) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(j) Cash and Cash Equivalents

"Cash and cash equivalents" includes cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined.

(k) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently carried at amortised cost less an allowance for any uncollectible amounts. Trade receivables are due for settlement no more than 30 days from the date of recognition. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

Impairment

If there is objective evidence that an impairment loss on trade and other receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

(l) Financial Assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either loans and receivables, or available-for-sale investments, as appropriate. When financial assets are recognised initially they are measured at fair value, plus, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any other category. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the reporting date.

Purchases and sales of investments are recognised on trade date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the investments available-for-sale reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments previously reported in equity are included in the profit and loss statement as gains and losses. Reversals of previous impairments of available-for-sale assets are not recognised through profit and loss.

Subsequent to initial recognition, investments in subsidiaries are measured at cost less impairment. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

(m) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

(Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Fair Value Estimation (Continued)

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(n) Property, Plant and Equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss statement during the financial period in which they are incurred.

Plant and equipment are depreciated or amortised on a reducing balance or straight line basis at rates based upon their expected useful lives as follows:

Life	
Plant and equipment	2 - 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit and loss statement.

(o) Trade and Other Payables

Trade and other payables are recognised initially at fair value and subsequently at amortised cost and represent liabilities for the goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days.

(p) Employee Leave Benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within twelve months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date, and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Contributions to the defined contribution superannuation fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(q) Contributed Equity

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or incentive securities are shown in equity as a deduction, net of tax, from the proceeds.

(r) Dividends

Provision is made for the amount of any dividend declared on or before the end of the year but not distributed at balance date.

(s) Earnings per Share (EPS)

Basic earnings per share is calculated by dividing the profit/loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(t) Exploration and Evaluation Expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method and with AASB 6 *Exploration for and Evaluation of Mineral Resources*, which is the Australian equivalent of IFRS 6.

Exploration licence acquisition costs are capitalised and subject to impairment testing every six months. All exploration and evaluation costs, including general permit activity, geological and geophysical costs and new venture activity costs are expensed as incurred except where:

- the expenditure relates to an exploration discovery that, at balance date, has not been recognised as an area of interest, as assessment of the existence or otherwise of economically recoverable reserves is not yet complete; or
- an area of interest is recognised, and it is expected that the expenditure will be recouped through successful exploitation of the area of interest, or alternatively, by its sale.

The costs of drilling exploration wells are initially capitalised pending the results of the well. Costs are expensed where the well does not result in the successful discovery of economically recoverable hydrocarbons and the recognition of an area of interest. Areas of interest are recognised at the field level.

Each potential or recognised area of interest is reviewed every six months to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support the continued carry forward of capitalised costs.

Data licenses acquired are carried initially at cost and are amortised on a straight line basis over the number of wells in the drilling program to which the acquisition related. Where a determination is made that there is no further value to be extracted from the data licenses then any unamortised balance is written off.

Once management has determined the existence of economically recoverable reserves for an area of interest, deferred costs are reclassified from exploration and evaluation expenditure to oil and gas properties on the statement of financial position.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

(Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Oil and Gas Properties

Oil and gas properties are carried at cost and include acquisition costs, drilling, completion, operating costs and transferred exploration and evaluation expenditure.

Oil and gas properties are amortised using a units-of-production method, based on the ratio of actual production to remaining proved and probable reserves (2P) as estimated by independent petroleum engineers.

The recoverability of the carrying amount of the oil and gas property is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(v) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(w) Share Based Payments

Equity settled transactions

The Group provides benefits to Directors, employees, consultants and other advisors of the Group in the form of share-based payments, whereby the Directors, employees, consultants and other advisors render services in exchange for shares or rights over shares (equity-settled transactions). The Group may also extinguish liabilities by issuing equity instruments.

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

In accordance with Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments* equity instruments issued in payment of a debt are measured at the fair value of equity instrument issued. Any difference between the carrying amount of the financial liability and the fair value of the equity instruments is recorded as a gain or loss in the statement of financial performance.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the market price of the shares of the Company if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant recipient becomes fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

The profit and loss statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the recipient, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(x) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss statement net of any reimbursement.

(y) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit and loss statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(z) Critical Accounting Estimates, Assumptions and Judgements

In applying the Group's accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

(Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Critical Accounting Estimates, Assumptions and Judgements (Continued)

(i) *Critical accounting estimates and assumptions*

(A) Impairment of assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows.

In relation to the Company's investment in Marion Energy Limited, which is classified as an available for sale financial asset, Marion Energy did not lodge its 30 June 2011 Annual Financial Statements by 30 September 2011 and accordingly its securities were suspended from trading on the ASX with effect from 3 October 2011. Marion's has since lodged its 2011 financial report but its securities remain suspended. However, the Company notes the recent announcements regarding Marion's financial restructuring and, subject to regulatory approval (if received), their intention to re-list on the ASX.

(B) Reserve estimates

Estimates of recoverable quantities of proven and probable reserves reported include judgemental assumptions regarding commodity prices, exchange rates, discount rates and production and transportation costs for future cash flows. It also requires interpretation of complex and difficult geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs, and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact asset carrying values, the provision for restoration and the recognition of deferred tax assets, due to changes in expected future cash flows. Reserves are integral to the amount of depreciation, depletion and amortisation charged to the profit and loss statement and the calculation of inventory.

(ii) *Critical judgements in applying the Group's accounting policies*

(A) Exploration and evaluation

The group's accounting policy for exploration and evaluation assets is set out at Note 1(t). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves have been found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, the Group concludes that it is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the profit and loss statement. All exploration and evaluation expenditure previously capitalised has been impaired in prior years because of the substantial decline in the gas price in the USA impacting on the projects viability.



	Notes	2014 \$	2013 \$
2. REVENUE AND OTHER INCOME			
(a) Revenue			
Interest revenue		50,022	76,345
		50,022	76,345
3. EXPENSES			
(a) Employee Expenses			
KMP remuneration	11(b)	79,700	82,840
		79,700	82,840

4. INCOME TAX

(a) Recognised in the statement of comprehensive income

	2014 \$	2013 \$
Current income tax		
Current income tax benefit	(114,779)	(92,125)
Adjustments in respect of current income tax of previous years	(1,300)	(9,358)
Deferred income tax		
Origination and reversal of temporary differences	1,899	827
Deferred tax assets not brought to account	114,180	100,656
	-	-

(b) Reconciliation between Tax Expense and Accounting Loss Before Income Tax

Accounting loss before income tax	(404,931)	(325,801)
At the domestic income tax rate of 30% (2013: 30%)	(121,480)	(97,740)
Expenditure not allowable for income tax purposes	8,600	6,442
Adjustments in respect of current income tax of previous years	(1,300)	(9,358)
Deferred tax assets not brought to account	114,180	100,656
Income tax expense attributable to loss	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014
(Continued)

4. INCOME TAX (Continued)

(c) Deferred Income Tax

Deferred income tax at balance date relates to the following:

	2014 \$	2013 \$
Deferred Tax Liabilities		
Accrued interest	642	1,367
Deferred tax assets used to offset deferred tax liabilities	(642)	(1,367)
	-	-
Deferred Tax Assets		
Available-for-sale financial assets	7,326,000	7,326,000
Exploration and evaluation assets	122,869	122,869
Accrued expenditure	6,150	8,775
Tax losses available to offset against future taxable income	1,047,766	933,054
Deferred tax assets used to offset deferred tax liabilities	(642)	(1,367)
Deferred tax assets not brought to account	(8,502,143)	(8,389,331)
	-	-

The benefit of deferred tax assets not brought to account will only be brought to account if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Company in realising the benefit.

(d) Tax Consolidation

There are currently no entities eligible for consolidation for tax purposes. The Board will review this position should this change.

	2014 \$	2013 \$
5. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES		
Accrued interest	2,139	4,558
Other debtors	-	418
GST receivable	15,038	11,463
Total trade and other receivables	17,177	16,439



	Notes	2014 \$	2013 \$
6. NON-CURRENT ASSETS - AVAILABLE-FOR-SALE FINANCIAL ASSETS			
Shares in listed company – fair value at time of acquisition	(a)	17,531,250	17,531,250
Less impairment in value since acquisition		(17,531,250)	(17,531,250)
Fair value at reporting date		-	-

- (a) The Company holds 2,750,000 fully paid ordinary shares in Marion Energy Limited (“Marion”) following the completion of a share consolidation on 30 June 2014 on the basis of every 10 shares being consolidated into 1 share. These shares are listed on the ASX under the code MAE.

Marion’s securities were suspended from trading on ASX from 3 October 2011 due to the non lodgement of its financial report for the year ended 30 June 2011. Marion’s has since lodged its 2011 financial report but its securities remain suspended. However, the Company notes the recent announcements regarding Marion’s financial restructuring and, subject to regulatory approval (if received), their intention to re-list on the ASX.

	2014 \$	2013 \$
7. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES		
Accounts payable ^(a)	52,565	28,893
Accrued expenses	22,825	49,250
Total trade and other payables	75,390	78,143

- (a) Terms & Conditions
Trade creditors are non interest bearing and are normally settled on 30 day terms.

	Notes	2014 \$	2013 \$
8. CONTRIBUTED EQUITY			
(a) Issued and paid up capital			
436,707,975 (2013 : 436,707,975) fully paid ordinary shares	8(b)	25,875,382	25,875,382

- (b) Movements in Ordinary Share Capital for Years Ended 30 June 2014 and 30 June 2013 were as follows:**

Date	Details	Number of Shares (Pre-Consolidation Basis)	\$
1 July 2012	Opening Balance	436,707,975	25,875,382
30 June 2013	Closing Balance	436,707,975	25,875,382
30 June 2014	Closing Balance	436,707,975	25,875,382

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

(Continued)

8. CONTRIBUTED EQUITY (Continued)

(c) Terms and Conditions of Ordinary Shares

(i) General

The ordinary shares ("Shares") are ordinary shares and rank equally in all respects with all ordinary shares in the Company and have no par value.

The rights attaching to the Shares arise from a combination of the Company's Constitution, statute and general law. Copies of the Company's Constitution are available for inspection during business hours at its registered office.

(ii) Reports and Notices

Shareholders are entitled to receive all notices, reports, accounts and other documents required to be furnished to shareholders under the Company's Constitution, the Corporations Act and the Listing Rules.

(iii) Voting

Subject to any rights or restrictions at the time being attached to any class or classes of shares, at a general meeting of the Company on a show of hands, every ordinary Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote and upon a poll, every Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote for any Share held by the Shareholder.

A poll may be demanded by the Chairperson of the meeting, any 5 Shareholders entitled to vote in person or by proxy, attorney or representative or by any one or more Shareholders holding not less than 5% of the total voting rights of all Shareholders having the right to vote.

(iv) Variation of Shares and Rights Attaching to Shares

Shares may be converted or cancelled with member approval and the Company's share capital may be reduced in accordance with the requirements of the Corporations Act.

Class rights attaching to a particular class of shares may be varied or cancelled with the consent in writing of holders of 75% of the shares in that class or by a special resolution of the holders of shares in that class.

(v) Unmarketable Parcels

The Company may procure the disposal of Shares where the member holds less than a marketable parcel of Shares within the meaning of the Listing Rules (being a parcel of shares with a market value of less than \$500). To invoke this procedure, the Directors must first give notice to the relevant member holding less than a marketable parcel of Shares, who may then elect not to have his or her Shares sold by notifying the Directors.

(vi) Changes to the Constitution

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

	2014	2013
	\$	\$
9. RESERVES		
(a) Reserves		
Foreign currency translation reserve (Note 9 (d))	94,859	94,859



(b) Movements in Listed Options for Years ended 30 June 2014 and 30 June 2013 were as follows:

Date	Details	Number of ¹ \$0.05 Listed Options (Pre-Consolidation Basis)	\$
1 July 2012	Opening Balance	185,489,080	-
30 June 2013	Closing Balance	185,489,080	-
30 June 2014	Closing Balance	185,489,080	-

Notes:

¹ Free attaching options issued on basis of 1 option for every 2 shares subscribed for per the prospectus dated 14 December 2010.

(c) Terms and Conditions of Listed Options

The Listed Options are granted based upon the following terms and conditions:

- each Listed Option entitles the holder to subscribe for one Share upon exercise of each Listed Option;
- the exercise price of each Listed Option is \$0.05 (on a post consolidation basis the exercise price of each Listed Option is \$0.50);
- each Listed Option has an expiry date of 31 December 2014;
- the Listed Options are exercisable at any time prior to the Expiry Date;
- Shares issued on exercise of the Listed Options rank equally with the then shares of the Company;
- application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Listed Options;
- if there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction;
- application for quotation of the Listed Options will be made by the Company; and
- the Listed Options are transferable.

(d) Nature and Purpose of Reserves

(i) Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

10. FRANKING ACCOUNT

In respect to the payment of dividends (if any) by the Company in subsequent financial years, no franking credits are currently available, or are likely to become available in the next 12 months.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

(Continued)

11. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Key Management Personnel

The Key Management Personnel of the Group during or since the end of the financial year were as follows:

Directors

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

Other KMP

Mr Dylan Browne	Company Secretary
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Unless otherwise disclosed, the KMP held their position from 1 July until the date of this report.

(b) Key Management Personnel Compensation

Company and Consolidated	2014	2013
	\$	\$
Short-term employee benefits	76,000	76,000
Post-employment benefits	3,700	6,840
Total compensation	79,700	82,840

(c) Loans to Key Management Personnel

There were no loans made to any key management personnel during the year ended 30 June 2014 (2013: Nil).

(d) Other Transactions

Apollo Group Pty Ltd, a company of which Mr Mark Pearce is a Director and beneficial shareholder, was paid \$207,000 (2013: \$222,000) for the provision of serviced office facilities and administration services. The amount is based on a monthly retainer due and payable in advance and is able to be terminated by either party with one month's notice. This item has been recognised as an expense in the Statement of Profit and Loss and Other Comprehensive Income. The balance payable to Apollo Group Pty Ltd included in the statement of financial position at 30 June 2014 is nil (2013: \$20,350).

12. CONTROLLED ENTITIES

All controlled entities are included in the consolidated financial statements. The parent entity does not guarantee to pay the deficiency of its controlled entities in the event of a winding up of any controlled entity. The financial year-end of the controlled entities is the same as that of the parent entity.

Name of Controlled Entity	Place of Incorporation	% of Shares held 2014	% of Shares held 2013
OEL E&P (USA), Inc ^(a)	USA	100	100
Odyssey O & G Pty Ltd ^(b)	Australia	100	-

The above named investments in controlled entities have a carrying value at balance date of nil.

- (a) Incorporated on 24 June 2008.
- (b) Incorporated on 7 May 2014.

13. RELATED PARTIES

Transactions with Related Parties in the Consolidated Group

The consolidated group consists of Odyssey Energy Limited (the ultimate parent entity in the wholly owned group) and its controlled entities (see Note 12).

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

	2014 \$	2013 \$
14. REMUNERATION OF AUDITORS		
Amounts received or due and receivable by Deloitte Touche Tohmatsu for an audit or review of the financial report of the Company	21,750	20,800
Total Auditor's Remuneration	21,750	20,800

15. 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, who are the chief operating decision makers, for assessing performance and determining the allocation of resources within the Consolidated Entity.

	2014 cents	2013 cents
16. EARNINGS PER SHARE		
(a) Basic and Diluted Loss per Share		
From continuing operations	(0.09)	(0.07)
Total basic and diluted loss per share	(0.09)	(0.07)

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	Consolidated 2014 \$	2013 \$
Net loss used in calculating basic and diluted earnings per share	(404,931)	(325,801)

	Number of Shares 2014	Number of Shares 2013
Weighted average number of ordinary shares and potential ordinary shares used in calculating basic earnings per share	436,707,975	436,707,975
Effect of dilutive securities (see below)	-	-
Adjusted weighted average number of ordinary shares and potential ordinary shares used in calculating basic and diluted earnings per share	436,707,975	436,707,975

(b) Non-dilutive Securities

As at balance date, 185,489,080 Listed Options (which represent 185,489,080 potential ordinary shares) were not dilutive as they would decrease the loss per share.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014
(Continued)

16. EARNINGS PER SHARE (Continued)

(c) Conversions, Calls, Subscriptions or Issues after 30 June 2014

On 7 August 2014, the Company completed a consolidation of the Company's capital, on the basis of 1 share for every 10 existing shares, as approved by shareholders at a General Meeting of shareholders on 24 July 2014. The Options on issue have also been consolidated on a 1 for 10 basis, with the exercise price of the Options increasing in inverse proportion to the consolidation ratio.

On 10 September 2014, the Company announced that it had undertaken a renounceable Offer to raise \$2.5 million (before costs) through the issue of 49,703,298 new ordinary shares at an issue price of \$0.05 each. The Directors will exercise their discretion to offer shortfall securities under the Offer of 15,802,794 shares to nominated parties to raise up to an additional \$0.8 million (before costs).

	2014 \$	2013 \$
17. STATEMENT OF CASH FLOWS		
(a) Reconciliation of Net Loss After Income Tax Expense to Net Cash Outflow from Operating Activities		
Net loss after income tax expense	(404,931)	(325,801)
Adjustment for non-cash income and expense items		
Depreciation	786	196
Changes in assets and liabilities		
Change in trade and other receivables	(738)	(2,296)
Change in trade and other payables	(2,753)	33,671
Net cash outflow from operating activities	(407,636)	(294,230)
(b) Reconciliation of Cash Assets		
Cash at bank and on hand	1,305,501	1,713,137

(c) Non-cash financing and investing activities

During the current year, there were no non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows (2013: nil).



	Notes	2014 \$	2013 \$
18. PARENT ENTITY DISCLOSURES			
(a) Financial Position			
Assets			
Current Assets		1,322,678	1,729,576
Non-Current Assets		-	786
Total Assets		1,322,678	1,730,362
Liabilities			
Current Liabilities		75,390	78,143
Total Liabilities		75,390	78,143
Equity			
Contributed equity		25,875,382	25,875,382
Accumulated losses		(24,628,094)	(24,223,163)
Total Equity		1,247,288	1,652,219
(b) Financial Performance			
Loss for the year		(404,931)	(325,801)
Total comprehensive income		(404,931)	(325,801)

(c) Commitments and Contingencies

The Parent entity has no commitments for expenditure nor any contingent assets or liabilities at balance date.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Overview

The Group's principal financial instruments comprise available for sale financial assets, receivables, payables, cash and short-term deposits. The main risks arising from the Group's financial instruments are interest rate risk, equity price risk, foreign currency risk, credit risk and liquidity risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Other than as disclosed, there have been no significant changes since the previous financial year to the exposure or management of these risks. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Given the nature and size of the business, no formal risk management committees have been established, however responsibility for control and risk management is delegated to the appropriate level of management with the chief executive officer and chief financial officer (or their equivalent) having ultimate responsibility to the Board for the risk management and control framework.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

(Continued)

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Overview (Continued)

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Arrangements put in place by the Board to monitor risk management include monthly reporting to the Board in respect of the operations and financial position of the Company and Group. The Board also reviews risks that relate to operations and financial instruments as required, but at least every six months.

Given the uncertainty as to the timing and amount of cash inflows and outflows, the Company has not implemented any additional strategies to mitigate the financial risks and no hedging has been put in place. As the Company's operations change, the Directors will review this policy periodically going forward.

The Company's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains.

The Company currently does not engage in any hedging or derivative transactions to manage market risk.

(b) Credit Risk

Credit risk is the risk of financial loss to the Company or Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents, and trade and other receivables.

There are no significant concentrations of credit risk within the Consolidated Entity. The carrying amount of the Consolidated Entity's financial assets represents the maximum credit risk exposure, as represented below:

	Notes	2014 \$	2013 \$
Cash and cash equivalents	17(b)	1,305,501	1,713,137
Trade and other receivables	5	17,177	16,439
		1,322,678	1,729,576

The Consolidated Entity does not have any significant customers and accordingly does not have any significant exposure to bad or doubtful debts.

Trade and other receivables comprise trade receivables, interest accrued and GST refunds due. Where possible the Consolidated Entity trades only with recognised, creditworthy third parties. It is the Consolidated Entity's policy that, where possible, customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Consolidated Entity's exposure to bad debts is not significant. At 30 June 2014, none (2013: none) of the Consolidated Entity's receivables are past due.

With respect to credit risk arising from cash and cash equivalents, the Consolidated Entity's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

(c) Liquidity Risk

Liquidity risk is the risk that the Company and Group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Company will always have sufficient liquidity to meet its liabilities when due. This is monitored by the preparation of monthly cash flow reports, and regular forecasts as required but at least every six months.

The contractual maturities of financial liabilities, including estimated interest payments, are provided below. There are no netting arrangements in respect of financial liabilities.

	Carrying Amount \$	Contractual cash flows \$	6 months or less \$	6-12 months \$	1-2 years \$	2-5 years \$
2014						
Group						
Trade and other payables	75,390	(75,390)	(75,390)	-	-	
2013						
Group						
Trade and other payables	78,143	(78,143)	(78,143)	-	-	-

(d) Currency Risk

(i) Exposure to currency risk

The Company and the Group are exposed to currency risk on purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company and its foreign controlled entity. The functional currency of the Company is Australian Dollars (AUD) and of its foreign controlled entity is United States Dollars (USD).

As the Company's loan to its foreign controlled entity is denominated in AUD the Company has not been exposed to currency risk in respect to this balance. Foreign currency gains/losses recorded by the subsidiary are taken to foreign currency reserve.

Foreign currency risk also arises on translation of the net assets of the controlled entity into AUD for consolidation purposes. The foreign currency gains or losses arising from this risk are recorded through the foreign currency translation reserve.

As a result of activities overseas, the Group's statement of financial position can be affected by movements in exchange rates.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases denominated in foreign currencies. The Group currently does not engage in any hedging or derivative transactions to manage foreign currency risk.

(ii) Sensitivity analysis for currency risk

There would be no material impact on consolidated profit or loss and equity balances arising from changes in the currency risk variables as there have been no significant foreign currency transactions.

(e) Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the cash and short-term deposits with a floating interest rate.

These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities, in the form of receivables and payables, are non-interest bearing.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014
(Continued)

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Interest Rate Risk (Continued)

(i) Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

		2014	2013
		\$	\$
Interest-bearing financial instruments			
Cash at bank and on hand	(A)	1,305,501	1,713,137
		1,305,501	1,713,137

(A) The weighted average interest rate of the Company cash balances was 2.88% (2013: 3.88%) and for total consolidated cash balances this rate was 2.88% (2013: 3.88%).

The Group currently does not engage in any hedging or derivative transactions to manage interest rate risk.

(ii) Cash flow sensitivity analysis for variable rate instruments

A sensitivity of 20% has been selected as this is considered reasonable given the current level of both short term and long term interest rates. A 20% movement in interest rates at the reporting date would have increased (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

	Profit or loss		Equity	
	20% increase	20% decrease	20% increase	20% decrease
2014				
Group				
Cash and cash equivalents	7,514	(7,514)	7,514	(7,514)
2013				
Group				
Cash and cash equivalents	13,283	(13,283)	13,283	(13,283)

(f) Commodity Price Risk

The Group is exposed to commodity price risk. These commodity prices can be volatile and are influenced by factors beyond the Group's control. As the Group is currently engaged in exploration and business development activities, no sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage commodity price risk.

(g) Equity Price Risk

(i) Exposure to equity price risk

The Company is exposed to equity price risk arising from its equity investment in Marion Energy Limited. The equity investment is currently held for strategic rather than trading purposes. The Company does not actively trade these investments and no hedging or derivative transactions have been used to manage equity price risk. The Company's investment is classified as available-for-sale and is carried at fair value.

Marion's securities were suspended from trading on ASX from 3 October 2011 due to the non lodgement of its financial report for the year ended 30 June 2011. Marion's securities have remained suspended since that date.

With respect to equity price risk arising from the Company's equity investments, the maximum exposure is equal to the carrying amount of the Company's equity investments, which is currently nil.

A deferred tax asset has not been recognised in respect of this investment (refer Note 4).

(h) Fair Value

The net fair value of financial assets and financial liabilities approximate their carrying value. The methods for estimating fair values are outlined in the relevant notes to the Financial Statements. In the current and the comparative period, the securities were measured at fair value by direct reference to quoted market prices, in an active market. The available for sale financial assets are classified as level 1 fair value measurements as those derived from quoted prices.

(i) Capital Management

The Board's policy is to maintain a suitable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Given the stage of development of the Company, the Board's objective is to minimise debt going forward and to raise funds as required through the issue of new shares. However, the Board will undertake short term borrowings to provide temporary funding where appropriate. The Company is currently examining new business opportunities where acquisition/working capital requirements of a new project may involve additional funding in some format (which may include debt, where appropriate). There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

20. COMMITMENTS AND CONTINGENCIES

(a) Commitments

The Group has no commitments for expenditure. However, it should be noted that the Group intends to conduct exploration and appraisal activities on its oil and gas leases.

(b) Contingencies

At balance date the Group has no contingent assets or liabilities.

21. EVENTS AFTER THE REPORTING PERIOD

- (i) On 7 August 2014, the Company completed a consolidation of the Company's capital, on the basis of 1 share for every 10 existing shares, as approved by shareholders at a General Meeting of shareholders on 24 July 2014. The numbers 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; and
- (ii) On 10 September 2014, the Company announced that it had undertaken a renounceable Offer to raise \$2.5 million (before costs) through the issue of 49,703,298 new ordinary shares at an issue price of \$0.05 each. The Directors will exercise their discretion to offer shortfall securities under the Offer of 15,802,794 shares to nominated parties to raise up to an additional \$0.8 million (before costs).

Other than as disclosed above, as at the date of this report there are no matters or circumstances, which have arisen since 30 June 2014 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2014, of the Company or Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2014, of the Company or Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2014, of the Company or Consolidated Entity.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Odyssey Energy Limited:

1. In the opinion of the directors:
 - (a) the attached financial statements, notes and the additional disclosures included in the directors' report designated as audited, are in accordance with the Corporations Act 2001, including:
 - (i) section 296 (compliance with accounting standards and Corporations Regulations 2001); and
 - (ii) section 297 (gives a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Group); 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.
2. The attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements.
3. The Directors have been given a declaration required by section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

On behalf of the Board



MARK PEARCE
Director

25 September 2014



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

Report on the Financial Report

We have audited the accompanying financial report of Odyssey Energy Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 15 to 46.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ODYSSEY ENERGY LIMITED
(Continued)

Auditor's Independence Declaration

In conducting our audit, 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 report.

Opinion

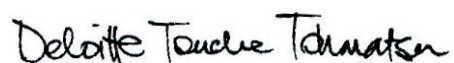
- (a) the financial report of Odyssey Energy Limited is in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 12 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Odyssey Energy Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.


DELOITTE TOUCHE TOHMATSU


Neil Smith
Partner
Chartered Accountants
Perth, 26 September 2014

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Odyssey Energy Limited is responsible for its corporate governance, that is, the system by which the Group is managed.

1. Board of Directors

1.1 Role of the Board and Management

The Board represents shareholders' interests in continuing a successful business, which seeks to optimise medium to long-term financial gains for shareholders. By not focusing on short-term gains for shareholders, the Board believes that this will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

The Board is responsible for ensuring that the Group is managed in such a way to best achieve this desired result. Given the current size and operations of the business, the Board currently undertakes an active, not passive role.

The Board is responsible for evaluating and setting the strategic directions for the Group, establishing goals for management and monitoring the achievement of these goals. The Board is also responsible for the day-to-day management of the Group.

The Board has sole responsibility for the following:

- Appointing and removing the Managing Director and any other executives and approving their remuneration;
- Appointing and removing the Company Secretary / Chief Financial Officer and approving their remuneration;
- Determining the strategic direction of the Group and measuring performance of management against approved strategies;
- Review of the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Group's medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Group's financial affairs;
- Review and ratify systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the Group's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

The Board's role and the Group's corporate governance practices are being continually reviewed and improved as required.

1.2 Composition of the Board and New Appointments

The Company currently has the following Board members:

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

Details of the directors, including their qualifications, experience and date of appointment are set out in the Directors' Report.

The Company's Constitution provides that the number of directors shall not be less than three and not more than ten. There is no requirement for any share holding qualification.

The Board has assessed the independence status of the directors and has determined that there are three independent directors, being Messrs Middlemas, Cruse and Pearce.

CORPORATE GOVERNANCE STATEMENT

(Continued)

1. Board of Directors (Continued)

1.2 Composition of the Board and New Appointments (Continued)

The Board has followed the ASX Corporate Governance Principles and Recommendations when assessing the independence of the directors which define an independent director to be a director who:

- is non-executive;
- is not a substantial shareholder of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another Group member, or been a director after ceasing to hold such employment;
- within the last three years has not been a principal or employee of a material professional adviser or a material consultant to the Company or another Group member;
- is not a significant supplier or customer of the Company or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant supplier or customer;
- has no material contractual relationship with the Company or another Group member other than as a director of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount which is greater than five percent of either the net assets of the Company or an individual director's net worth is considered material for these purposes.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the appointment and further expense of additional independent Non-Executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

If the Group's activities increase in size, nature and scope, the size of the Board will be reviewed periodically to determine the optimum number of directors required for the Board to properly perform its responsibilities and functions.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Group's scope of activities, intellectual ability to contribute to the Board duties and physical ability to undertake the Board duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next annual general meeting. Under the Company's Constitution the tenure of directors (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his last appointment. Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

1.3 Committees of the Board

The Board considers that the Group is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Group's activities and to ensure that it adheres to appropriate ethical standards.

The Board has also established a framework for the management of the Group including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

If the Group's activities increase in size, scope and nature, the appointment of separate or special committees will be reviewed by the Board and implemented if appropriate.

1.4 Conflicts of Interest

In accordance with the Corporations Act 2001 and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. Where the Board believes that a significant conflict exists the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

1.5 Independent Professional Advice

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Group's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

2. Ethical Standards

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the Group.

2.1 Code of Conduct for Directors

The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision-making by the Directors. The code is based on a code of conduct for Directors prepared by the Australian Institute of Company Directors.

The principles of the code are:

- A director must act honestly, in good faith and in the best interests of the Company as a whole.
- A director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- A director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the Company.
- A director must not make improper use of information acquired as a director.
- A director must not take improper advantage of the position of director.
- A director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company.
- A director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board.
- Confidential information received by a director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.
- A director should not engage in conduct likely to bring discredit upon the Company.
- A director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.

The principles are supported by guidelines as set out by the Australian Institute of Company Directors for their interpretation. Directors are also obliged to comply with the Company's Code of Ethics and Conduct, as outlined below.

CORPORATE GOVERNANCE STATEMENT

(Continued)

2. Ethical Standards (Continued)

2.2 Code of Ethics and Conduct

The Group has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Group.

All employees and directors are expected to:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse Group information, assets or facilities;
- value and maintain professionalism;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Group's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must report that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

2.3 Dealings in Company Securities

The Group's Securities Trading Policy imposes trading restrictions on when KMP and other employees of the Group may deal in the Company's securities, in order to reduce the risk of insider trading.

The Securities Trading Policy prohibits KMP and other employees from dealing in the Company's securities if he or she has information that he or she knows, or ought to reasonably know, is inside information. 'Inside information' is information that is not generally available and if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the Company's securities.

The Securities Trading Policy also provides prescribed closed periods during which KMP are prohibited from dealing in the Company's securities (subject to certain limited exceptions). The 'closed periods' are based around the release of material information including results from feasibility studies, exploration and corporate activities.

In addition, if an employee (including a KMP) has information that he or she knows, or ought reasonably to know, is inside information, the employee must not directly or indirectly communicate that information to another person if he or she knows, or ought reasonably to know, that the other person would or would be likely to deal in the Company's securities or procure another person to deal in the Company's securities. This prohibition applies regardless of how the employee learns the information (e.g. even if the employee overhears it or is told in a social setting).

KMP must obtain written clearance from an approving officer at least 2 business days prior when a KMP intends to deal in Company securities. KMP must then notify the Company Secretary of any dealings in the Company's securities within 2 business days of such deal occurring.

The Company also prohibits KMP entering into arrangements to limit their exposure to Company securities granted as part of the KMP's remuneration package.

Breaches of this policy will be subject to disciplinary action, including dismissal in serious cases.

These restrictions have been developed having regard to the current nature of the Company's activities, being exploration and appraisal rather than production. Should the nature of the Company's activities change, then the policy may be amended to restrict trading of securities during certain periods prior to the release of financial and operating results.

2.4 *Interests of Other Stakeholders*

The Group's objective is to leverage into resource projects to provide a solid base in the future from which the Group can build its resource business and create wealth for shareholders. The Group's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for the Group to achieve.

To assist in meeting its objective, the Group conducts its business within the Code of Ethics and Conduct, as outlined in 2.2 above.

3. *Disclosure of Information*

3.1 *Continuous Disclosure to ASX*

The continuous disclosure policy requires all executives and Directors to inform the Chairman or in their absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

Information need not be disclosed if:

- a) It is not material and a reasonable person would not expect the information to be disclosed, or it is material but due to a specific valid commercial reason is not to be disclosed; and
- b) The information is confidential; or
- c) One of the following applies:
 - i. It would breach a law or regulation to disclose the information;
 - ii. The information concerns an incomplete proposal or negotiation;
 - iii. The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - iv. The information is generated for internal management purposes;
 - v. The information is a trade secret;
 - vi. It would breach a material term of an agreement, to which the Group is a party, to disclose the information;
 - vii. The information is scientific data that release of which may benefit the Group's potential competitors.

The Chairman and Company Secretary are responsible for interpreting and monitoring the Group's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

3.2 *Communication with Shareholders*

The Group places considerable importance on effective communications with shareholders.

The Group's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Group. The strategy provides for the use of systems that ensure a regular and timely release of information about the Group is provided to shareholders. Mechanisms employed include:

- Announcements lodged with ASX;
- ASX Quarterly Cash Flow Reports;
- Half Yearly Report;
- Presentations at the Annual General Meeting/General Meetings; and
- Annual Report.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Group's strategy and goals.

The Group also posts all reports, ASX and media releases and copies of significant business presentations on the Company's website.

CORPORATE GOVERNANCE STATEMENT

(Continued)

4. Risk Management and Internal Control

4.1 Approach to Risk Management and Internal Control

The identification and effective management of risk, including calculated risk-taking, is viewed as an essential part of the Group's approach to creating long-term shareholder value.

The Group operates a standardised risk management process that provides a consistent framework for the identification, assessment, monitoring and management of material business risks. This process is based on the Australian/New Zealand Standard for Risk Management (AS/NZS 4360 Risk Management) and the Committee of Sponsoring Organisations of the US Treadway Commission (COSO) control framework for enterprise risk management.

Strategic and operational risks are reviewed at least annually as part of the annual strategic planning, business planning, forecasting and budgeting process.

The Group has developed a series of operational risks which the Group believes to be inherent in the industry in which the Group operates having regard to the Group's circumstances (including financial resources, prospects and size). These include:

- fluctuations in commodity prices and exchange rates;
- accuracy of reserve and resource estimates;
- reliance on licenses, permits and approvals from governmental authorities;
- acquisition of new business opportunities;
- ability to obtain additional financing; and
- changed operating, market or regulatory environments.

These risk areas are provided here to assist investors to understand better the nature of the risks faced by our Group and the industry in which the Group operates. They are not necessarily an exhaustive list.

4.2 Risk Management Roles and Responsibilities

The Board is responsible for designing, implementing and reporting on the adequacy of the Group's risk management and internal control system. Management reports to the Board annually, or more frequently as required, on the Group's key risks and the extent to which it believes these risks are being managed.

The Board is responsible for reviewing and approving the Group's risk management and internal control system and satisfying itself annually, or more frequently if required, that management has developed and implemented a sound system of risk management and internal control.

In 2014 the Board reviewed the overall risk profile for the Group and received reports from management on the effectiveness of the Group's management of its material business risks.

4.3 Integrity of Financial Reporting

The Board also receives a written assurance from the Chief Executive Officer or equivalent (CEO) and the Chief Financial Officer or equivalent (CFO) that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

The Board notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

4.4 Role of External Auditor

The Group's practice is to invite the auditor (who now must attend) to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

5. Performance Review

The Board has adopted a self-evaluation process to measure its own performance and the performance of its committees (if any) during each financial year. Also, an annual review is undertaken in relation to the composition and skills mix of the directors of the Company.

Arrangements put in place by the Board to monitor the performance of the Group's executives include:

- a review by the Board of the Group's financial performance;
- annual performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Group;
- an analysis of the Group's prospects and projects; and
- a review of feedback obtained from third parties, including advisors.

The Remuneration Report discloses the process for evaluating the performance of senior executives (where applicable).

In 2014, no executives were employed and accordingly no performance evaluations for senior executives took place.

6. Remuneration Arrangements

The broad remuneration policy is to ensure that remuneration properly reflects the relevant persons duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide Executive Directors and executives with a remuneration package consisting of fixed components that reflect the person's responsibilities, duties and personal performance.

In addition to the above, the Group has developed a limited equity-based remuneration arrangement for key executives and consultants.

The remuneration of Non-Executive Directors is determined by the Board as a whole having regard to the level of fees paid to non-executive directors by other companies of similar size in the industry.

The aggregate amount payable to the Company's Non-Executive Directors must not exceed the maximum annual amount approved by the Company's shareholders.

CORPORATE GOVERNANCE STATEMENT

(Continued)

COMPLIANCE WITH ASX CORPORATE GOVERNANCE RECOMMENDATIONS

During the 2014 financial year, the Company complied with the ASX Principles and Recommendations other than in relation to the matters specified below.

Recommendation Ref	Notification of Departure	Explanation for Departure
2.4	A separate Nomination Committee has not been formed.	The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors to enable identification of attributes required in new Directors. Where appropriate independent consultants are engaged to identify possible new candidates for the Board.
3.2, 3.3	A policy concerning diversity has not been established	At the date of this report the Company does not have any employees, as only consultants are used on an as required basis. The Company currently has no female employees, executives, or directors. The Board's policy is to employ the best candidate for a specific position, regardless of gender, and considers that the Company is not currently of a size to justify a policy regarding diversity and objectives regarding gender diversity.
4.1, 4.2, 4.3	A separate Audit Committee has not been formed and there is not an Audit Committee operating charter.	The Board considers that the Company is not of a size, nor are its financial affairs of such complexity to justify the formation of an audit committee. The Board as a whole undertakes the selection and proper application of accounting policies, the identification and management of risk and the review of the operation of the internal control systems.
8.1	There was no separate Remuneration Committee.	The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for Directors and executives of the Company. If the Company's activities increase in size, scope and/or nature, the appointment of a remuneration committee will be reviewed by the Board and implemented if appropriate.

As the Company's activities increase in size, scope and/or nature the Group's corporate governance principles will be reviewed by the Board and amended as appropriate.

ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 30 September 2014.

1. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of each class of listed securities are listed below:

Ordinary Shares

Name	No of Ordinary Shares Held	Percentage of Issued Shares
HSBC Custody Nominees (Australia) Limited	10,612,800	11.37%
Arredo Pty Ltd	5,250,000	5.62%
Argonaut Equity Partners Pty Limited	5,000,000	5.35%
Keil Investments Pty Ltd <THE KEIL PRIV PEN FUND A/C>	4,205,000	4.50%
Minturn Pty Ltd	4,125,347	4.42%
Pershing Australia Nominees Pty Ltd <ARGONAUT ACCOUNT>	3,500,000	3.75%
Nutsville Pty Ltd <INDUST ELECTRIC CO S/F A/C>	2,800,685	3.00%
Reef Investments Pty Ltd <T D NAIRN SUPER FUND A/C>	2,368,750	2.54%
Neven Nikola Botica <BOTICA FAMILY NO1 A/C>	1,900,137	2.03%
Enerview Pty Ltd	1,750,000	1.87%
Mr Mark Pearce + Mrs Natasha Pearce <NMLP FAMILY A/C>	1,500,000	1.61%
Mr James Anthony Weston + Mrs Nola Monica Weston <WESTON FAMILY A/C>	1,500,000	1.61%
Flue Holdings Pty Ltd	1,323,974	1.42%
AFM Perseus Fund Limited	1,311,632	1.40%
Bouchi Pty Ltd	1,177,500	1.26%
The Alpine Bark Hut Pty Ltd <THE ALPINE INVESTMENT A/C>	1,060,945	1.14%
Cantori Pty Ltd <SUPER FUND A/C>	950,067	1.02%
Alba Capital Pty Ltd	937,500	1.00%
Cantore Pty Ltd <SUPERFUND A/C>	937,500	1.00%
EGR Management Pty Ltd <RIGG SUPER FUND A/C>	900,000	0.96%
Total Top 20	53,111,837	56.88%
Others	40,262,189	43.12%
Total Ordinary Shares on Issue	93,374,026	100.00%

ASX ADDITIONAL INFORMATION

(Continued)

1. TWENTY LARGEST SHAREHOLDERS (Continued)

Listed Options

Name	No of Listed Options	Percentage of Listed Options
HSBC Custody Nominees (AUSTRALIA) LIMITED	2,370,028	12.78%
Nutsville Pty Ltd <INDUST ELECTRIC CO S/F A/C>	1,242,296	6.70%
Argonaut Equity Partners Pty Limited	1,080,068	5.82%
Arredo Pty Ltd	975,000	5.26%
Minturn Pty Ltd	817,314	4.41%
Keil Investments Pty Ltd <THE KEIL PRIV PEN FUND A/C>	776,287	4.19%
Keil Investments Group Pty Ltd	547,722	2.95%
Mr Chris Vasiliadis	541,925	2.92%
Mr Matthew James Sachr	500,000	2.70%
Reef Investments Pty Ltd <T D NAIRN SUPER FUND A/C>	428,750	2.31%
Neven Nikola Botica <BOTICA FAMILY NO1 A/C>	376,925	2.03%
Saltwater Group Pty Ltd	375,375	2.02%
Flue Holdings Pty Ltd	362,875	1.96%
Ocean View Wa Pty Ltd	362,875	1.96%
Cantore Pty Ltd <SUPERFUND A/C>	312,625	1.69%
Pata Nominees Pty Ltd <THE LMST MASEL A/C>	305,500	1.65%
Mr Mark Pearce + Mrs Natasha Pearce <NMLP FAMILY A/C>	300,000	1.62%
EGR Management Pty Ltd <RIGG SUPER FUND A/C>	267,500	1.44%
AFM Perseus Fund Limited	266,275	1.44%
Bouchi Pty Ltd	203,500	1.10%
Total Top 20	12,412,840	66.92%
Others	6,136,016	33.08%
Total Listed Options on Issue	18,548,856	100.00%

2. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of shareholders by size of holding:

Distribution	Ordinary Shares		Listed Options	
	Number of Shareholders	Number of Shares	Number of Optionholders	Number of \$0.05 Listed Options
1 - 1,000	134	71,748	130	50,126
1,001 - 5,000	181	502,284	119	313,286
5,001 - 10,000	91	708,861	37	284,265
10,001 - 100,000	255	9,168,510	111	3,961,006
More than 100,000	123	82,922,623	30	13,940,173
Totals	784	93,374,026	427	18,548,856

There were 367 holders of less than a marketable parcel of ordinary shares.

3. VOTING RIGHTS

See Note 8 of the Notes to the Financial Statements.

4. SUBSTANTIAL SHAREHOLDERS

As at 30 September 2014, Substantial Shareholder notices have been received from the following:

Substantial Shareholder	Number of Shares
City Natural Resources High Yield Trust Plc	10,366,050
Nutsville Pty Ltd	7,137,320
Arredo Pty Ltd	5,775,000

5. ON-MARKET BUY BACK

There is currently no on-market buy back program for any of Odyssey Energy Limited's listed securities.

6. RESOURCES STATEMENT

To date, the Company has not reported any Petroleum Reserves, Contingent Resources or Prospective Resources for its exploration projects.

7. EXPLORATION/PROJECT INTERESTS

As at 30 September 2014, the Company has an interest in the following project:

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



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