



ODYSSEY  
ENERGY LIMITED

## ASX ANNOUNCEMENT

30 OCTOBER 2014

### SEPTEMBER 2014 QUARTERLY REPORT

The Board of Odyssey Energy Limited ("**Odyssey**" or "**Company**") is pleased to present its September 2014 quarterly report.

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

- The Company continued to monitor and assess the best method to extract value from the McClain County Project noting that major US Operators are continuing to develop the Woodford Shale gas and gas-liquids plays in the Anadarko Basin in central Oklahoma;
- Completed a 1 for 10 consolidation of capital ("**Consolidation**") as approved at a General Meeting of shareholders on 24 July 2014;
- Undertook a pro rata 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. Cash on hand at 30 September 2014 was \$3.6 million;
- 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 before costs. If all of the shortfall securities are placed, the Company will have cash on hand of approximately \$4.4 million. In accordance with the ASX Listing Rules, the shortfall securities will be allotted within three (3) months from the closing date of the Offer; and
- The Company continued in its efforts to identify and acquire suitable new business opportunities in the oil and gas and other sectors both domestic and overseas. In this regard, the Company will make announcements to the market as appropriate should an acquisition occur.

For enquiries, please contact:

**Dylan Browne** | Company Secretary

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## **Operations - McClain County Project – Odyssey 50% WI:**

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

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

## **Corporate**

### *Share Consolidation and Entitlements Issue*

During the quarter, the Company completed a 1 for 10 Consolidation thereby reducing the number of shares on issue to 43.7 million. The number of options on issue were also consolidated on a 1 for 10 basis, with the exercise price of the options increasing in inverse proportion to the consolidation ratio.

Following completion of the Consolidation, the Company undertook a pro rata renounceable entitlements issue to raise \$2.5 million before costs through the issue of 49.7 million new ordinary shares at an issue price of \$0.05 each. Cash on hand at 30 September 2014 was \$3.6 million

The shortfall for the Offer is 15.8 million shares. In accordance with the terms of the Offer, the Directors will exercise their discretion to offer the shortfall securities to nominated parties. If all of the shortfall securities are placed, the Company will have cash on hand of approximately \$4.4 million. In accordance with the ASX Listing Rules the shortfall securities will be allotted within three (3) months from the closing date of the Offer.

### *Business Development*

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

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

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

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

### *Investments*

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

Marion’s securities remain suspended from trading on the ASX. However, the Company notes the recent announcements regarding Marion’s financial update and, subject to regulatory approval (if received), their intention to re-list on the ASX.

### **Exploration Tenement Information**

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%

# Appendix 5B

## Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

**ODYSSEY ENERGY LIMITED**

ABN

**71 116 151 636**

Quarter ended ("current quarter")

**30 SEPTEMBER 2014**

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(17)	(17)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(114)	(114)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	8	8
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>		<b>(123)</b>	<b>(123)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
<b>Net investing cash flows</b>		<b>-</b>	<b>-</b>
1.13	Total operating and investing cash flows (carried forward)	(123)	(123)

+ See chapter 19 for defined terms.

**Appendix 5B****Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(123)	(123)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	2,486	2,486
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material) - Share issue transaction costs	(28)	(28)
	<b>Net financing cash flows</b>	<b>2,458</b>	<b>2,458</b>
	<b>Net increase (decrease) in cash held</b>	<b>2,335</b>	<b>2,335</b>
1.20	Cash at beginning of quarter/year to date	1,305	1,305
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>3,640</b>	<b>3,640</b>

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

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	(57)
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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

**Non-cash financing and investing activities**

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

Not applicable.

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

Not applicable.

+ See chapter 19 for defined terms.

### **Financing facilities available**

*Add notes as necessary for an understanding of the position.*

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

### **Estimated cash outflows for next quarter**

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

### **Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,640	55
5.2 Deposits at call	-	1,250
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,640</b>	<b>1,305</b>

### **Changes in interests in mining tenements and petroleum tenements**

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

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+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

#### Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	93,374,026	93,374,026	Not applicable	Not applicable
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	49,703,298 (393,037,247)	49,703,298 (393,037,247)	\$0.05 -	\$0.05 -
7.5 <b>+Convertible debt securities</b> (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> (description and conversion factor)	18,548,856*	18,548,856*	Exercise price \$0.50*	Expiry date 31 Dec 2014
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> (totals only)				
7.12 <b>Unsecured notes</b> (totals only)				

\* As a result of completing the consolidation of the Company's capital, the number of options on issue were consolidated on a 1 for 10 basis, with the exercise price increasing in the inverse proportion.

+ See chapter 19 for defined terms.

## Compliance statement

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

Sign here: ..... Date: 30 October 2014  
(~~Director~~/Company secretary)

Print name: DYLAN BROWNE

## Notes

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

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