



# ODYSSEY ENERGY LIMITED

ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 31 JANUARY 2012

## DECEMBER 2011 QUARTERLY REPORT

*The Board of Odyssey Energy Limited (“Odyssey” or “Company”) is pleased to present its December 2011 quarterly report.*

- *Following completion of the recapitalisation process during the first half of 2011, the Company is continuing the review of its current oil and gas project.*

*Operators in adjacent counties are currently developing the Woodford Shale as a liquids-rich gas play at depths from approximately 10,000 to 15,000+ feet.*

*The Company will continue to review and monitor industry activity in the adjacent counties over coming months and may also consider the best method to extract value from its Project.*

- *The Board continues to focus on creating value from the Company’s existing resource assets, as well as pursuing new opportunities in the resources sector, and has reviewed a number of local and international new business opportunities in the oil and gas sector during the quarter.*

Enquiries-

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Company Secretary

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

In mid-2008 Odyssey acquired a 50% working interest in a project area in Oklahoma comprising 1,626 gross acres, and targeting gas and associated oil in the Woodford Shale at between 6,000 and 8,000 feet.

Industry activity in the second half of 2011 continued to target the developing Woodford shale-gas play in the Anadarko Basin. Operators in adjacent counties are currently developing the Woodford Shale as a liquids-rich gas play at depths from approximately 10,000 to 15,000+ feet.

While drilling has now extended to Grady County – immediately west of McClain, the evaluation is currently focused on a liquids-rich play at considerably greater depths than the prospective section in the Company's acreage; which is likely to be oil rather than gas prone.

## **Corporate**

### *Investments*

The Company continues to hold 27.5 million shares in Marion Energy Limited which it received following the sale of its subsidiary OEL Operating (USA) to Marion Energy.

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 Energy has advised that they are working with consultants to examine a number of options for the restructure of the company and its financial position.

### *Business Development*

During the quarter the Company assessed a number of new business opportunities and is continuing to actively pursue a number of opportunities in the resources sector, both domestic and overseas.

However 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.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

**ODYSSEY ENERGY LIMITED**

ABN

**71 116 151 636**

Quarter ended ("current quarter")

**31 DECEMBER 2011**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(44)	(52)
(b) development	-	-
(c) production	-	-
(d) administration	(86)	(160)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	37	68
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>(93)</b>	<b>(144)</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)	<b>(93)</b>	<b>(144)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(93)	(144)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material) - capital raising expenses	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(93)	(144)
1.20	Cash at beginning of quarter/year to date	2,303	2,354
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	2,210	2,210

**Payments to directors of the entity and associates of the directors**

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

		Current quarter \$A'000
1.2	Aggregate amount of payments to the parties included in item 1.2	(61)
1.2	Aggregate amount of loans to the parties included in item 1.10	-

1.2 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	50
4.2 Development	-
4.3 Production	-
4.4 Administration	50
<b>Total</b>	<b>100</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	398	265
5.2 Deposits at call	1,812	2,038
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>2,210</b>	<b>2,303</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

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**Changes in interests in mining tenements**

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

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+ See chapter 19 for defined terms.

**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> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	436,707,977	436,707,977	Not applicable	Not applicable
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, or converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	185,489,080	185,489,080	<i>Exercise price</i> \$0.05	<i>Expiry date</i> 31 Dec 2014
7.8 Issued during quarter				
7.9 Exercised during quarter			<i>Exercise price</i>	<i>Expiry date</i>
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

### Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~not~~\* \* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: ..... Date: 31 January 2012  
(~~Director~~/Company secretary)

Print name: MARK PEARCE

### 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 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, 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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