



ODYSSEY
ENERGY LIMITED

ASX ANNOUNCEMENT

31 January 2019

DECEMBER 2018 QUARTERLY REPORT

The Directors of Odyssey Energy Limited (“**Odyssey**” or “**Company**”) are pleased to present the December 2018 quarterly report.

Activities during the quarter included:

- Odyssey has an acreage position with oil and gas rights in McLean County, Kentucky, USA. The project comprises a 100% working interest in oil and gas leases totalling 710 acres and located adjacent to the Rough Creek Fault System. There is the potential for small new conventional oil and gas pools in the area.
- The Company continues to assess the prospectivity of the existing leases for both conventional and unconventional oil & gas targets, but particularly with regard to the potential of the New Albany Shale as an unconventional oil target. This analysis will define future work, as well as potentially identify opportunities to expand the lease area footprint.
- The Company continues its efforts to identify and acquire suitable new business opportunities in the oil and gas and resources sectors, in the US and in other jurisdictions. The Company will make announcements to the market as appropriate should an acquisition occur.

For enquiries, please contact:

Lachlan Lynch | **Company Secretary**

Tel: +61 8 9322 6322

Operations

McLean County Project – Odyssey 100% WI

The Company has an acreage position with oil and gas rights in McLean County, Kentucky, USA.

The project comprises a 100% working interest in oil and gas leases totalling 710 acres and are located adjacent to the Rough Creek Fault System, which forms the northern boundary of the Rough Creek Graben and is one of the major structural features in Western Kentucky.

Figure 1 shows the location of the Company's permits in relation to oil and gas field locations and the Rough Creek fault system. Although the majority of production on-trend is historic, there is potential for small new conventional oil and gas pools in the area.

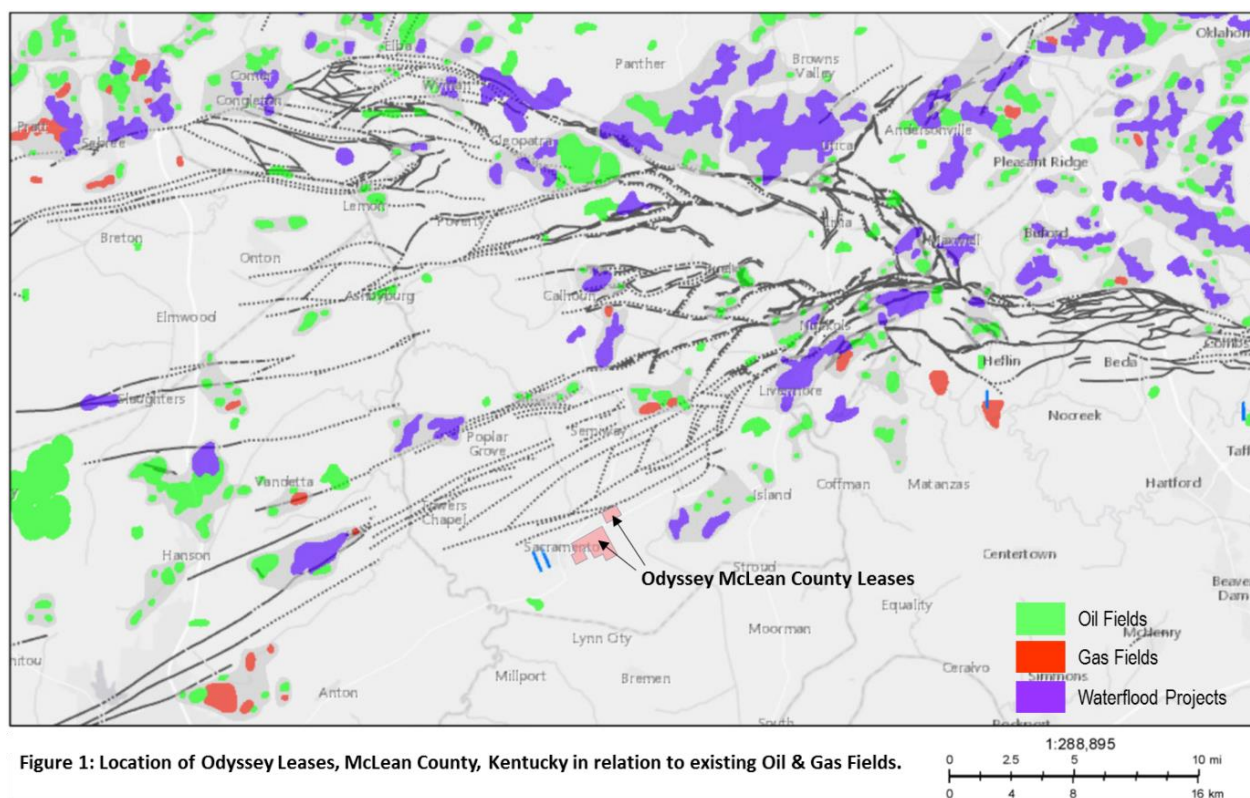


Figure 1: Location of Odyssey Leases, McLean County, Kentucky in relation to existing Oil & Gas Fields.

The leases are also located within the depositional limits of the New Albany Shale, which is the primary source rock for a petroleum system which has produced over 4 Billion Barrels of oil in the Illinois Basin. Figure 2 shows the extent to which this source rock is thermally mature for oil generation and a target for unconventional oil and gas appraisal drilling and evaluation.

The Company is continuing to review the prospectivity of the project area for both conventional and unconventional oil & gas targets, but particularly with regard to the potential of the New Albany Shale as an unconventional oil target. This analysis will define future activities in this project area, which may include expansion of the lease area footprint.

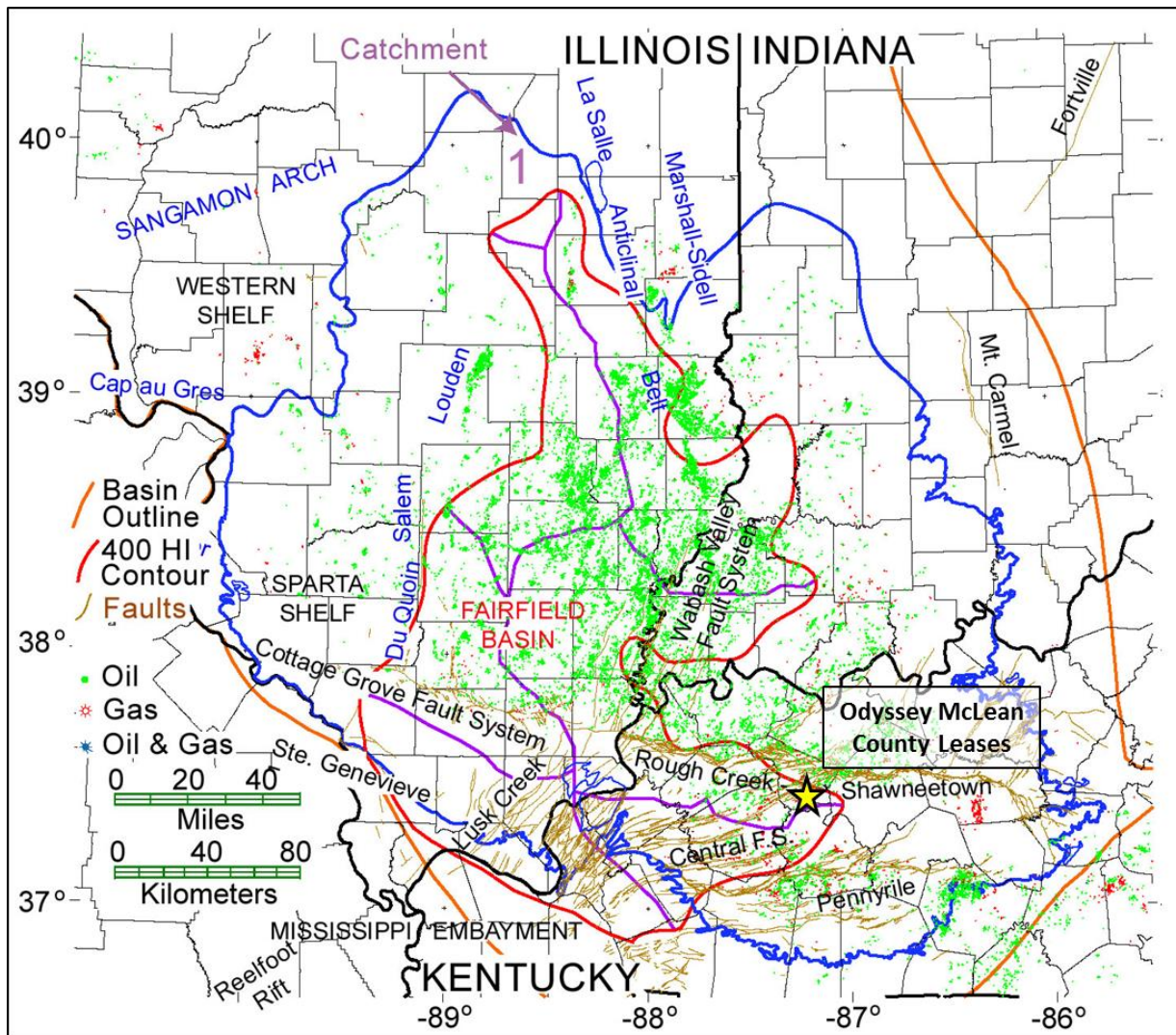


Figure 2: Extent of New Albany Shale mature for oil generation in Illinois Basin (red contour).

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

Corporate

The Company is well funded with cash on hand at 31 December of \$14.44 million and no debt.

During the quarter the Company was notified by the ASX that its expenditure levels may not be sufficient to satisfy the requirements of Listing Rule 12.1 which require the Company's level of operations to be sufficient to warrant the continued quotation of its securities and its continued listing. As a result, if the Company does not demonstrate compliance with this rule to the ASX's satisfaction by close of business on 1 May 2019, ASX may suspend the Company's securities from official quotation.

ASX also advised the Company that if the Company proposes to enter into any transactions it must consult with the ASX so that it may consider the application of Listing Rule 11.1, and in particular Listing Rule 11.1.3.

Business Development

Several opportunities have been reviewed during the quarter, and the Company will continue in its efforts to identify and acquire suitable new business opportunities in the oil and gas and resources 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.

Exploration Tenement Information

As at 31 December 2018, the Company has an interest in the following project:

Project	Net Acreage Participation	Odyssey Working Interest
McLean County Project	710	100%

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, 01/05/13, 01/09/16

Name of entity

ODYSSEY ENERGY LIMITED

ABN

73 116 151 636

Quarter ended ("current quarter")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(31)	(46)
(b) development	-	-
(c) production	-	-
(d) staff costs	(3)	(3)
(e) administration and corporate costs	(37)	(127)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	36	128
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material):		
- Business Development	(3)	(5)
1.9 Net cash from / (used in) operating activities	(38)	(53)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	14,478	14,493
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(38)	(53)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	14,440	14,440

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	6	8
5.2 Call deposits	14,434	14,470
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	14,440	14,478

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

48

-

Payments include directors fees and provision of a fully serviced office.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

Not applicable

8. Financing facilities available

Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

**Total facility amount
at quarter end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

-

-

-

-

-

-

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Not applicable

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	15
9.2	Development	-
9.3	Production	-
9.4	Staff costs	5
9.5	Administration and corporate costs	50
9.6	Other (provide details if material) - Business development	20
9.7	Total estimated cash outflows	90

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

[lodged electronically without signature]

Sign here:
(Company secretary)

Date: 31 January 2019

Print name: Lachlan Lynch

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- 2 If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.