



ODYSSEY
ENERGY LIMITED

ASX ANNOUNCEMENT

28 OCTOBER 2016

SEPTEMBER 2016 QUARTERLY REPORT

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

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

- The Company continued in its efforts to identify and acquire suitable new business opportunities in the oil and gas, resources and other sectors including technology, both domestically and overseas. In this regard, the Company will make announcements to the market as appropriate should an acquisition occur;
- Odyssey completed the lease acquisition of a small acreage position (710 acres) with gas rights in McLean County, Kentucky, USA. The McClean County Project is adjacent to historical gas wells, and the Company will assess the available historical data in order to determine how to best proceed with the project;
- The Company has announced its intention to undertake a pro rata non-renounceable entitlements issue (“Entitlements Issue”) to raise up to \$2.73 million before costs. Eligible shareholders will be entitled to acquire one (1) new ordinary shares (“New Shares”) for every two (2) ordinary shares held at the record date (to be determined). New Shares under the Entitlements Issue will be offered at \$0.05 per share; and
- The Board of Odyssey expects that the Entitlements Issue will assist the Company in attracting new business opportunities in the oil and gas and other sectors as well as funding activity on, and expanding, its existing project base.

For enquiries, please contact:

Clint McGhie | Company Secretary

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Operations

McLean County Project – Odyssey 100% WI

As previously advised, the Company has been searching for additional oil or gas leases and has now completed the lease acquisition of a small acreage position in McLean County, Kentucky, USA.

The project comprises a 100% working interest in three gas leases consisting of four (4) tracts of property totalling 710 acres and are located adjacent to the Rough Creek Fault System, which is a large regional fault system. Several historical gas wells are contained within or adjacent to the project.

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

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

McClain County Project – Odyssey 50% WI:

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

Corporate

The Company has advised it will undertake a pro rata non-renounceable entitlements issue (“Entitlements Issue”) to raise up to \$2.73 million before costs.

Eligible shareholders will be entitled to acquire one (1) new ordinary shares (“New Shares”) for every two (2) ordinary shares held at the record date (to be determined). New Shares under the Entitlements Issue will be offered at \$0.05 per share.

The Board of Odyssey expects that the Entitlements Issue will assist the Company in attracting new business opportunities in the oil and gas and other sectors as well as funding activity on, and expanding, its existing project base.

The Company expects to issue an Offer Document shortly.

Cash on hand at 30 September 2016 is \$3.88 million.

Business Development

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

However no agreements have been reached or licences granted and the Directors are not able to assess the likelihood or timing of a successful acquisition or grant of any opportunities.

Exploration Tenement Information

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

Project	Net Acreage Participation	Odyssey Working Interest
McLean County Project	710	100%
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, 01/05/13, 01/09/16

Name of entity

ODYSSEY ENERGY LIMITED

ABN

73 116 151 636

Quarter ended ("current quarter")

30 SEPTEMBER 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(21)	(21)
(b) development	-	-
(c) production	-	-
(d) staff costs	(8)	(8)
(e) administration and corporate costs	(65)	(65)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	22	22
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	(2)	(2)
1.9 Net cash from / (used in) operating activities	(74)	(74)
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 (3 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	3,950	3,950
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(74)	(74)
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	3,876	3,876

Mining exploration entity and oil and gas exploration entity quarterly report

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	3,876	3,950
5.2 Call deposits	-	-
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)	3,876	3,950

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	53
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	

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

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

Not applicable

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
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

Mining exploration entity and oil and gas exploration entity quarterly report

9. Estimated cash outflows for next quarter		\$A'000
9.1	Exploration and evaluation	30
9.2	Development	-
9.3	Production	-
9.4	Staff costs	5
9.5	Administration and corporate costs	60
9.6	Other (provide details if material)	20
9.7	Total estimated cash outflows	115

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.

Sign here:
(Company secretary)

Date: 28 October 2016

Print name: .Clint McGhie.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity 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.