



ODYSSEY
ENERGY LIMITED

ODYSSEY ENERGY LIMITED
ABN 73 116 151 636

**Interim Financial Report
for the Half Year Ended
31 December 2016**

CORPORATE DIRECTORY

Directors

Mr Ian Middlemas – Chairman
 Mr Mark Pearce
 Mr David Cruse

Company Secretary

Mr Clint McGhie

Registered and Corporate Office

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 28 The Esplanade
 Perth WA 6000

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Share Registry

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 172 St Georges Terrace
 Perth WA 6000

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Stock Exchange Listing

Australian Securities Exchange
 Home Branch – Perth
 Level 40, Central Park
 152-158 St Georges Terrace
 Perth WA 6000

ASX Code

ODY – Fully paid ordinary shares

Solicitors

DLA Piper

Auditor

Deloitte Touche Tohmatsu

Bankers

Australia and New Zealand Banking Group Limited

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The Board of Directors of Odyssey Energy Limited present their report on the consolidated entity of Odyssey Energy Limited (“the Company” or “Odyssey”) and the entities it controlled during the half year ended 31 December 2016 (“Consolidated Entity”).

DIRECTORS

The names of the Directors of Odyssey in office during the half year and until the date of this report are:

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

Unless otherwise shown, all Directors were in office from the beginning of the half year until the date of this report.

OPERATING AND FINANCIAL REVIEW

Operations

Highlights during the half year and since the end of the half year include:

- (i) The Company continued in its efforts to identify and acquire suitable new business opportunities in the oil and gas, resources and other sectors, both domestically and overseas. The Company reviewed a number of opportunities, and will make announcements to the market as appropriate should an acquisition occur;
- (ii) Odyssey has an acreage position with gas rights in McLean County, Kentucky, USA. The McLean County Project is adjacent to historical gas wells, and the Company is reviewing the available historical data in order to determine how to best proceed with the project; and
- (iii) The Company has announced its intention to undertake a 2 for 1 pro rata renounceable entitlements issue (“Entitlements Issue”). The funds raised will enable the Company to progress its existing oil and gas leases and better assist the Company in expanding its existing project base and attracting new business opportunities in the oil and gas sector.

McLean County Project – Odyssey 100% WI

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

The project comprises a 100% working interest in gas leases 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 is reviewing 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.

DIRECTORS' REPORT (Continued)



OPERATING AND FINANCIAL REVIEW (Continued)

Operations (Continued)

McClain County Project

Odyssey's interest in the McClain County Project in Oklahoma has expired, and based on available data no further action was taken. The Company has previously written down the carrying value of the project so there is no impact on the Company's financial position or planned future spend.

Corporate

In October 2016, the Company announced its intention to undertake an entitlements issue ("Entitlements Issue") to raise additional funds. The Entitlements Issue was subsequently deferred until early 2017. Amended terms for the Entitlements Issue were announced in March 2017 and the Company will now seek to undertake a 2 for 1 pro rata renounceable issue. The Entitlements Issue will enable the Company to progress its existing oil and gas leases, and will better assist the Company in expanding its existing project base and attracting new business opportunities in the oil and gas sector.

Business Development

During the half year, 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. 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.

Results of Operations

	Half Year Ended 31 December 2016 \$	Half Year Ended 31 December 2015 \$
Loss of the Consolidated Entity before income tax expense	(155,821)	(125,764)
Income tax expense	-	-
Net loss for the half year	(155,821)	(125,764)

Financial Position

The Company had cash reserves of \$3,815,754 at 31 December 2016 (30 June 2016: \$3,950,186), placing the Company in an excellent position to conduct its current activities and to pursue new business development opportunities.

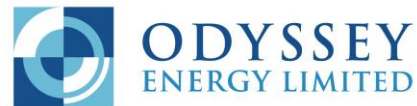
SUBSEQUENT EVENTS AFTER BALANCE DATE

Other than as already disclosed, at the date of this report there were no other significant events occurring after balance date requiring disclosure.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Deloitte Touche Tohmatsu, to provide the Directors of Odyssey Energy Limited with an Independence Declaration in relation to the review of the half year financial report. This Independence Declaration is on page 12 and forms part of this Directors' Report.

DIRECTORS' REPORT
(Continued)



This report is made in accordance with a resolution of the directors made pursuant to section 306(3) of the Corporations Act 2001.

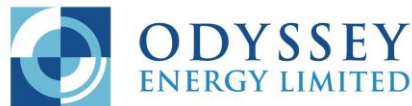
For and on behalf of the Directors

A handwritten signature in black ink, appearing to read "M Pearce".

MARK PEARCE
Director

3 March 2017

DIRECTORS' DECLARATION



In accordance with a resolution of the Directors of Odyssey Energy Limited, I state that:

In the opinion of the Directors:

- (a) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) section 304 (compliance with accounting standards and Corporations Regulations 2001); and
 - (ii) section 305 (true and fair view); 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.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Board

A handwritten signature in black ink, appearing to read "M Pearce".

MARK PEARCE
Director

3 March 2017

**CONDENSED CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE HALF YEAR ENDED 31 DECEMBER 2016



ODYSSEY
ENERGY LIMITED

	Note	Half Year Ended 31 December 2016 \$	Half Year Ended 31 December 2015 \$
Continuing Operations			
Interest revenue		40,248	52,935
Administration expenses		(147,028)	(152,304)
Business development expenses		(21,050)	(7,270)
Exploration expenses		(27,991)	(19,125)
Loss before income tax expense		(155,821)	(125,764)
Income tax expense		-	-
Net loss for the half year		(155,821)	(125,764)
Loss attributable to members of Odyssey Energy Limited		(155,821)	(125,764)
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 half year, net of tax		-	-
Total comprehensive loss for the half year		(155,821)	(125,764)
Total comprehensive loss attributable to members of Odyssey Energy Limited		(155,821)	(125,764)
Basic and diluted loss per share from continuing operations (cents per share)	5	(0.14)	(0.12)

The above Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

**CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**
AS AT 31 DECEMBER 2016

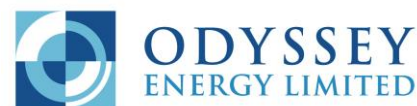


ODYSSEY
ENERGY LIMITED

	Note	31 December 2016 \$	30 June 2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents		3,815,754	3,950,186
Trade and other receivables		13,471	16,975
Total Current Assets		3,829,225	3,967,161
Non-current Assets			
Available-for-sale financial assets	3	-	-
Total Non-current Assets		-	-
TOTAL ASSETS		3,819,225	3,967,161
LIABILITIES			
Current Liabilities			
Trade and other payables		63,337	40,604
Total Current Liabilities		63,337	40,604
TOTAL LIABILITIES		63,337	40,604
NET ASSETS		3,765,888	3,926,557
EQUITY			
Contributed equity	4	29,069,956	29,074,804
Reserves		94,859	94,859
Accumulated losses		(25,398,927)	(25,243,106)
TOTAL EQUITY		3,765,888	3,926,557

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY**
FOR THE HALF YEAR ENDED 31 DECEMBER 2016



	Contributed Equity \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2016	29,074,804	94,859	(25,243,106)	3,926,557
Net loss for the period	-	-	(155,821)	(155,821)
Total comprehensive loss for the period	-	-	(155,821)	(155,821)
Transactions with owners, recorded directly in equity				
Issue of shares	-	-	-	-
Share issue transaction costs	(4,848)	-	-	(4,848)
Balance at 31 December 2016	29,069,956	94,859	(25,398,927)	3,765,888
Balance at 1 July 2015	29,074,804	94,859	(24,996,242)	4,173,421
Net loss for the period	-	-	(125,764)	(125,764)
Total comprehensive loss for the period	-	-	(125,764)	(125,764)
Transactions with owners, recorded directly in equity				
Issue of shares	-	-	-	-
Share issue transaction costs	-	-	-	-
Balance at 31 December 2015	29,074,804	94,859	(25,122,006)	4,047,657

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**CONDENSED CONSOLIDATED STATEMENT
OF CASH FLOWS**
FOR THE HALF YEAR ENDED 31 DECEMBER 2016



ODYSSEY
ENERGY LIMITED

	Half Year Ended 31 December 2016 \$	Half Year Ended 31 December 2015 \$
Cash flows from operating activities		
Payments to suppliers and employees	(187,155)	(167,162)
Interest received	40,740	52,145
GST refunds received	16,831	19,768
Net cash outflows from operating activities	(129,584)	(95,249)
Cash flows from investing activities		
Other investing activities	-	-
Net cash outflow from investing activities	-	-
Cash flows from financing activities		
Proceeds from issue of shares	-	-
Share issue transaction costs	(4,848)	-
Net cash outflow from financing activities	(4,848)	-
Net decrease in cash and cash equivalents held	(134,432)	(95,249)
Cash and cash equivalents at 1 July	3,950,186	4,182,313
Cash and cash equivalents at 31 December	3,815,754	4,087,064

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The interim condensed consolidated financial statements of the Group for the half year ended 31 December 2016 were authorised for issue in accordance with the resolution of the directors on 2 March 2017.

This general purpose financial report for the interim half year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Odyssey for the year ended 30 June 2016 and any public announcements made by Odyssey and its controlled entities during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(b) Basis of Preparation of Half Year Financial Report

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2016, other than as detailed below.

(c) New Accounting Standards

In the current period, the Group has adopted all of the new and revised standards, interpretations and amendments that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2016. New and revised standards and amendments thereof and interpretations effective for the current half year that are relevant to the Group include:

- AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation;
- AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle;
- AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101.

The adoption of new and revised standards and amendments has not affected the amounts reported for the current or prior half year periods. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2. 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 for assessing performance and determining the allocation of resources within the Consolidated Entity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016
(Continued)



3. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Consolidated 31 December 2016 \$	Consolidated 30 June 2016 \$
Shares in listed company	17,531,250	17,531,250
Less impairment in value	(17,531,250)	(17,531,250)
Fair value at reporting date	-	-

The Company holds 27,500 shares in Cre8tek Limited (formerly Marion Energy Limited) following a 1 for 100 share consolidation in October 2015. Odyssey originally received these shares following the sale of its subsidiary OEL Operating (USA) to Cre8tek Limited. The price of the last trade in Cre8tek shares on 30 December 2016 was \$0.08 and the value of the Company's holding in Cre8tek shares is considered immaterial.

4. CONTRIBUTED EQUITY

	Consolidated 31 December 2016 \$	Consolidated 30 June 2016 \$
(a) Share Capital		
109,176,820 (30 June 2016: 109,176,820) fully paid ordinary shares	29,069,956	29,074,804

(b) Movements in Share Capital during the past 6 months:

		Number of Ordinary Shares	\$
1-Jul-16	Opening Balance	109,176,820	29,074,804
	Share issue expenses	-	(4,848)
31-Dec-16	Closing Balance	109,176,820	29,069,956

5. EARNINGS PER SHARE

	Consolidated	
	Half Year Ended 31 December 2016 \$	Half Year Ended 31 December 2015 \$
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net earnings/(loss)	(155,821)	(125,764)
Earnings/(loss) used in calculating basic earnings per share	(155,821)	(125,764)

	Number of Shares Half Year Ended 31 December 2016	Number of Shares Half Year Ended 31 December 2015
	Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	109,176,820

6. CONTINGENT ASSETS AND LIABILITIES

At the last annual reporting date, the Consolidated Entity did not have any contingent assets or liabilities. There has been no material change in contingent assets and liabilities of the Consolidated Entity during the half year.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The value of the Consolidated Entity's financial assets and liabilities, which comprises of cash and cash equivalents, trade and other receivables, available-for-sale assets and trade and other payables may be impacted by foreign exchange movements. At 31 December 2016 and 30 June 2016, the carrying value of the Consolidated Entity's financial assets and liabilities approximate their fair value. Please refer to Note 3 for further disclosure.

8. DIVIDENDS PAID OR PROVIDED FOR

No dividend has been paid or provided for during the half year.

9. SUBSEQUENT EVENTS AFTER BALANCE DATE

Other than as already disclosed, at the date of this report there were no other significant events occurring after balance date requiring disclosure.

The Board of Directors
Odyssey Energy Limited
Level 9, BGC Centre
28 The Esplanade
Perth WA 6000

03 March 2017

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 review of the financial statements of Odyssey Energy Limited for the half-year ended 31 December 2016, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely


DELOITTE TOUCHE TOHMATSU



David Newman
Partner
Chartered Accountants

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

We have reviewed the accompanying half-year financial report of Odyssey Energy Limited, which comprises the condensed statement of financial position as at 31 December 2016, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 4 to 11.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Odyssey Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, 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 review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Odyssey Energy Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


DELOITTE TOUCHE TOHMATSU



David Newman
Partner
Chartered Accountants
Perth, 03 March 2017