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ODIN ENERGY LIMITED

29 JANUARY 2010

QUARTERLY REPORT

FOR THE 3 MONTHS ENDED 31 DECEMBER 2009

HIGHLIGHTS

- Reduction of Odin's loan to Kilgore Oil and Gas Ltd (Kilgore) by \$1.185m to less than \$600,000 by way of:
 - \$715,000 in cash; and
 - 47,000,000 Kilgore shares (KOG) and 23,500,000 free attaching options (KOGO) with a current market value of \$1.41m in exchange for \$470,000 of the loan balance
- Resignation of Mr Andrew Dimsey as Managing Director and appointment of Mr Robert Hyndes as Non-Executive Director
- Joint Venture partner, Kilgore, makes final payment for the Galveston 307 production facilities and platform

Operations

Galveston 307 Prospect (Snipe, Egret and Sandpiper), Texas State Waters (WI 5.625% NRI 4.5% post Odin earn-in)

Odin's Joint Venture partner, Kilgore Oil and Gas Ltd, made the joint venture's final payment for the Galveston 307 production facilities and platform to the Operator's trust account. The Company has been advised that the Operator, Black Pool Energy LLC, is finalizing its own share of the facilities and that construction should commence shortly

thereafter. Assuming Black Pool's funding is finalized shortly, Kilgore advises that it anticipates the commencement of production late in Quarter 1 2010 and first cash flows two months thereafter.

Corporate

Legal Action

Odin Energy is continuing its legal action against Blue Energy Ltd and Great Artesian Oil and Gas Ltd (a subsidiary of Drillsearch Energy Ltd (DSL)).

Repayment and Conversion of Debt

During the quarter, the balance of Odin's loan to Kilgore Oil and Gas Ltd ("Kilgore") was reduced by \$1.185m to below \$600,000. The loan reduction included a cash payment of \$715,000 and the issue of 47,000,000 fully paid ordinary shares in Kilgore (KOG) and 23,500,000 free attaching options (KOGO) on the same terms as Kilgore's recent rights issues and share and options placement. Based on the most recent market prices of \$0.025 (KOG) and \$0.01 (KOGO), these securities would be valued at \$1,410,000 – a 200% premium on the \$470,000 loan value.

Appointment of Director

Mr Rob Hyndes was appointed as a Non-Executive Director to the Company. Mr Hyndes has a corporate finance and management consulting background with extensive experience in Australia, UK, Asia and the US. He has provided strategy and consulting services across a range of sectors including resources, technology and professional services.

Following a move to the UK in 2001, Mr Hyndes joined London-based private equity firm Lion Capital Advisors Ltd. Since 2004, he has worked on a number of international engagements in Australia, the United States and Asia. Mr Hyndes graduated from Curtin University of Technology in Western Australia with a Bachelor of Commerce with a double major in Economics and Marketing.

Managing Director, Andrew Dimsey, resigned on 18 December 2009 to pursue other interests. Mr Dimsey will be retained as a consultant to the Company.

For Further Information Contact:

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Chairman

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Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

ODIN ENERGY LIMITED

ABN

75 124 491 416

Quarter ended ("current quarter")

31 December 2009

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(154)	(185)
(b) development	-	-
(c) production	-	-
(d) administration	(435)	(586)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	101	113
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(488)	(658)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	(108)	(586)
(c)other fixed assets	-	-
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	418	434
(c)other fixed assets	-	-
1.10 Loans to other entities	(139)	(174)
1.11 Loans repaid by other entities	715	1,115
1.12 Other (provide details if material)	-	(171)
Net investing cash flows	886	618
1.13 Total operating and investing cash flows (carried forward)	398	(40)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	398	(40)
Cash flows related to financing activities			
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 (capital raising costs)	(22)	(22)
	Net financing cash flows	(22)	(22)
Net increase (decrease) in cash held			
		376	(62)
1.20	Cash at beginning of quarter/year to date	1,769	2,207
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,145	2,145

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
1.23	Aggregate amount of payments to the parties included in item 1.2	198
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Consulting fees, reimbursements for work related expenses.

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

A portion of the loan facility to Kilgore Oil and Gas in the amount of \$470,000 was converted into equity holding in Kilgore Oil & Gas Ltd.

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

N/A

+ 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	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	-
Total	100

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	1,915	1,539
5.2 Deposits at call	230	230
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	\$2,145	1,769

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			

+ See chapter 19 for defined terms.

Appendix 5B
Mining 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 Preference securities <i>(description)</i>	10,500 (convertible preference shares)	Unquoted class		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	- -			
7.3 +Ordinary securities	107,730,005	107,730,005		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	- -			
7.5 +Convertible debt securities <i>(description)</i>	-			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -			
7.7 Options <i>(description and conversion factor)</i>	Unlisted - 1,000,000 1,000,000 105,364,999	105,364,999	<i>Exercise price</i> 25 cents 50 cents 25 cents	<i>Expiry date</i> 31 Dec 2012 31 Dec 2012 30 Nov 2012
7.8 Issued during quarter	-			
7.9 Exercised during quarter	-			
7.10 Expired during quarter	-			
7.11 Debentures <i>(totals only)</i>	-			
7.12 Unsecured notes <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 5).
- 2 This statement does ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: Date: ..29 January 2010

(~~Director~~/Company secretary)

Print name: .D Ballantyne.....

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.

+ See chapter 19 for defined terms.