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**ODIN ENERGY LIMITED**

***INTERIM REPORT***

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

*THE INFORMATION CONTAINED IN THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH ODIN ENERGY LTD'S FULL YEAR REPORT DATED 30 JUNE 2009 AND ANY PUBLIC ANNOUNCEMENTS MADE BY THE COMPANY IN ACCORDANCE WITH THE CONTINUOUS DISCLOSURE OBLIGATIONS ARISING FROM THE CORPORATIONS ACT 2001 AND THE ASX LISTING RULES.*

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## DIRECTORS' REPORT

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Your directors present their report for the consolidated entity consisting of Odin Energy Limited and the entities it controlled at the end of, or during, the period ended 31 December 2009.

### DIRECTORS

The following persons have been directors of Odin Energy Ltd during the period up to and including the date of this report.

Alex Bajada	(Chairman)
Andrew Dimsey	(Managing Director)(Resigned 18 December 2009)
Robert Hynes	(Director) (Appointed 18 December 2009)
Roland Berzins	(Director)

### PRINCIPAL ACTIVITIES

The principal activity of the Group and Company during this financial period was the exploration for oil and gas.

### OPERATING RESULTS

The net operating loss of the Group for the half-year ended 31 December 2009 after income tax amounted to \$323,840 (\$3,592,464 - 2008).

### DIVIDENDS PAID OR RECOMMENDED

No dividend was paid or declared during the period and the Directors do not recommend the payment of a dividend.

### REVIEW OF OPERATIONS

#### 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 half year, the principal of Odin's loan to Kilgore Oil and Gas Ltd ("Kilgore") was reduced by \$1.975m to below \$800,000. The loan reduction included a cash payment of \$1,505,000 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 \$0.019 (KOG) and \$0.005 (KOGO), these securities would be valued at \$1,010,500 – a 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.

#### **Blaze Takeover Bid for Target Energy Ltd**

On 8<sup>th</sup> April 2009 Blaze Asset Pty Ltd (50% owned by Odin Energy Ltd) announced a takeover bid for Target Energy Limited. Pursuant to this bid, Blaze acquired 6,319,498 shares prior to withdrawing the bid on 17<sup>th</sup> July 2009. Subsequent to this Blaze has disposed of its holding in Target Energy Limited.

#### **Exploration and Development**

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, has now finalised its own share of the facilities and that construction will commence late April/early May. Kilgore advises that it now anticipates the commencement of production in late May/early June and first cash flows two months thereafter.

#### **Opportunities**

The Company is reviewing and evaluating a number of opportunities both within Australia and overseas.

#### **SIGNIFICANT EVENTS AFTER BALANCE DATE**

Subsequent to the period end the Company issued a Rights Issue Prospectus on the 16<sup>th</sup> February 2010. The offer is a one for one basis to raise up to \$1,077,300 before the costs of the Offer. The Offer closes on the 26<sup>th</sup> March 2010.

#### **AUDITOR'S INDEPENDENCE DECLARATION**

Section 307C of the Corporations Act 2001 requires the consolidated entity's auditors, BDO Audit (WA) Pty Ltd to provide the directors with a written Independence Declaration in relation to their review of the financial report for the period ended 31 December 2009. The written Auditor's Independence Declaration can be found on page 3 and forms part of this Director's Report.

Signed in accordance with a resolution of the Directors.



**A BAJADA**  
Chairman  
Perth, 12 March 2009

12 March 2010

Board of directors  
Odin Energy Ltd  
2/16 Ord Street  
WEST PERTH WA 6005

Dear Sirs

**DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF ODIN ENERGY LIMITED**

As lead auditor of Odin Energy Limited for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Odin Energy Limited and the entities it controlled during the period.



**Glyn O'Brien**  
Director



**BDO Audit (WA) Pty Ltd**  
Perth, Western Australia

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Notes	Half-Year ended 31 December 2009 \$	Half-Year ended 31 December 2008 \$
Interest received		278,098	157,949
Profit on sale of investment		412,165	1,481,228
<b>Total income</b>		<b>690,263</b>	<b>1,639,177</b>
Accounting and audit		(13,332)	(27,467)
Depreciation		(1,016)	(894)
Consultancy		(416,656)	(355,433)
Legal expenses		(69,943)	(22,332)
Marketing and advertising		(1,203)	(3,564)
Regulatory expenses		(28,024)	(17,317)
Rent		-	(11,818)
Facility Management fees		(46,587)	-
Research reports and maps		(10,000)	(9,824)
Travel expenses		(79,442)	(22,224)
Staff costs		(36,050)	(34,808)
Impairment of exploration and evaluation costs	8	-	(4,567,951)
Share of profits/(losses) of Joint Venture entity accounted for using the equity method	11	(99,206)	-
Administrative expenses		(208,607)	(157,067)
Finance costs		(4,037)	(945)
<b>Loss before income tax</b>		<b>(323,840)</b>	<b>(3,592,464)</b>
Income tax benefit/(expense)		-	-
<b>Loss for the half year</b>		<b>(323,840)</b>	<b>(3,592,464)</b>
<b>Other comprehensive income</b>			
Changes in the fair value of available- for-sale financial assets		949,936	-
<b>Total comprehensive income for the half year</b>		<b>626,096</b>	<b>(3,592,464)</b>
<b>Loss is attributable to:</b>			
Owners of Odin Energy Limited		(323,840)	(3,592,464)
<b>Total comprehensive income for the half year is attributable to:</b>			
Owners of Odin Energy Limited		626,096	(3,592,464)
<b>Loss per share</b>			
Basic and diluted(cents per share)	7	(0.03)	(3.3)

*The Consolidated Statement of Comprehensive Income above should be read in conjunction with the notes to the Half-year financial Statements.*

**CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2009**

	Notes	31 December 2009 \$	30 June 2009 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents		2,145,276	2,207,212
Trade and Other Receivables		196,526	287,512
Interest Bearing Loans	10	727,081	3,833,885
Investments accounted for using the equity method		-	161,171
Available for sale assets		<u>2,879,619</u>	<u>624,877</u>
<b>Total current assets</b>		<u>5,948,502</u>	<u>7,114,657</u>
<b>Non current Assets</b>			
Other financial assets		174,984	75,567
Property, plant and equipment		2,198	3,214
Listed convertible notes		1,600,000	-
Exploration and Evaluation costs	8	<u>2,557,143</u>	<u>2,557,143</u>
<b>Total non current assets</b>		<u>4,334,325</u>	<u>2,635,924</u>
<b>Total Assets</b>		<u>10,282,827</u>	<u>9,750,581</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables		-	63,195
Provisions		<u>119,303</u>	<u>127,582</u>
<b>Total current liabilities</b>		<u>119,303</u>	<u>190,777</u>
<b>Total Liabilities</b>		<u>119,303</u>	<u>190,777</u>
<b>Net Assets</b>		<u>10,163,524</u>	<u>9,559,804</u>
<b>Equity</b>			
Contributed Equity	9	13,912,982	13,934,983
Reserves		2,457,051	1,507,115
Accumulated losses		<u>(6,206,509)</u>	<u>(5,882,294)</u>
<b>Total Equity</b>		<u>10,163,524</u>	<u>9,559,804</u>

*The Consolidated Balance Sheet above should be read in conjunction with the notes to the Half-year Financial Statements.*

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## CONSOLIDATED STATEMENT OF CASH FLOWS

	Half-Year ended 31 December 2009 \$	Half-Year ended 31 December 2008 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(905,757)	(763,373)
Interest received	243,716	49,745
Interest and borrowing costs	-	-
Net cash (used in) operating activities	(662,041)	(713,628)
<b>Cash flows from investing activities</b>		
Proceeds from sale of available-for-sale investments	412,751	9,796,895
Purchase of shares	(674,221)	-
Purchase of plant and equipment	-	(2,650)
Exploration expenditure	-	(170,861)
Loans from/(to) other related entities	861,575	(2,855,568)
Net cash provided by/(used in) investing activities	600,105	6,767,816
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares	-	-
Capital raising costs	-	-
Proceeds from issues of options	-	-
Net cash flows provided by financing activities	-	-
Net decrease/(increase) in cash and cash equivalents	(61,936)	6,054,188
Cash and cash equivalents at the beginning of the financial period	2,207,212	542,261
Cash and cash equivalents at the end of the financial period	2,145,276	6,596,449

*The Consolidated Statement of Cash flows should be read in conjunction with the notes to the Half-year Financial Statements.*

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2009

### CONSOLIDATED

**For the half-year ended  
31 Dec 2009**

	Issued Capital \$	Option Reserve \$	Available for sale Reserve \$	Accumulated losses \$	TOTAL \$
Balance at the beginning of the period	13,934,982	1,365,138	141,977	(5,882,295)	9,559,802
Loss for the period	-	-	-	(323,840)	(323,840)
Changes in fair value of available for sale financial assets	-	-	949,936	-	949,936
Total comprehensive income for the half year	-	-	949,936	(323,840)	626,096
<b>Transactions with equity holders in their capacity as equity holders</b>					
Capital raising costs	(22,000)	-	-	(374)	(22,374)
Balance at 31 December 2009	13,912,982	1,365,138	1,091,913	(6,206,509)	10,163,524

**For the half-year ended  
31 Dec 2008**

	Issued Capital \$	Option Reserve \$	Available for sale Reserve \$	Accumulated losses \$	TOTAL \$
Balance at beginning of period	13,912,982	1,365,138	-	(1,886,007)	13,392,113
Loss for the half-year	-	-	-	(3,592,464)	(3,592,464)
Changes in fair value of available for sale financial assets	-	-	-	-	-
Total comprehensive income for the half year	-	-	-	(3,592,464)	(3,592,464)
<b>Transactions with equity holders in their capacity as equity holders</b>					
Capital raising costs	22,000	-	-	-	22,000
Balance at 31 December 2008	13,934,982	1,365,138	-	(5,478,471)	9,821,649

The Consolidated Statement of Changes in Equity above should be read in conjunction with the notes to the Half-year Financial Statements.

## NOTES TO THE CONSOLIDATED HALF -YEAR FINANCIAL REPORT

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### 1. REPORTING ENTITY

Odin Energy Limited ("Odin") is a company domiciled in Australia. The consolidated half-year financial statements of the Group as at and for the six months ending 31 December 2009 comprises Odin and its subsidiaries (together referred to as the "consolidated entity" or "Group").

The consolidated annual financial statements of the consolidated entity as at and for the year ended 30 June 2009 is available upon request from Odin's website [www.odinenergy.com.au](http://www.odinenergy.com.au), the ASX website or the companies registered office at Suite 2, 16 Ord Street, WEST PERTH, Western Australia 6005.

### 2. STATEMENT OF COMPLIANCE

The consolidated half year financial statements are general purpose financial statements which have been prepared in accordance with AASB 134: *Interim Financial Reporting* and *the Corporations Act 2001*.

The consolidated half year financial statements do not include all of the notes and information normally included in an annual financial report. Accordingly these statements should be read in conjunction with the consolidated annual financial report for the year ended 30 June 2009 and any public announcements made by Odin Energy Limited during the half-year reporting period in accordance with the continuous disclosure requirements of *the Corporations Act 2001* and the *ASX Listing Rules*.

These consolidated half-year financial statements were approved by the Board of Directors on 12 March 2010.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the consolidated entity in this consolidated half-year financial statements are the same as those applied by the consolidated entity in its consolidated financial report for the year ended 30 June 2009, except as set out below:

#### **Change in Accounting Policy - Segment Reporting**

The Group has applied AASB 8 *Operating Segments* from 1 July 2009. AASB 8 requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are now reported in a manner that is consistent with the internal reporting to the chief operating decision maker ("CODM"), which has been identified by the company as the Chairman.

#### **Change in Accounting Policy - Presentation of Financial Statements**

The Group applies revised AASB 101 *Presentation of Financial Statements* which became applicable as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in the half year financial statements as of and for the period ended 31 December 2009.

4. ESTIMATES

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this consolidated interim financial report the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial report for the year ending 30 June 2009, except as set out below:

As disclosed in note 12 the Company has a farmin interest with a guaranteed return on investment. The Company has not brought this potential future benefit to account at 31 December 2009 because it doesn't believe it is possible to quantify precisely the amount of the benefit.

5. GOING CONCERN

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Directors believe that there is sufficient funding to meet the Company's working capital requirements. The Directors have reviewed the business outlook and are of the opinion that the use of the going concern basis of accounting is appropriate.

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## 6. SEGMENT INFORMATION

### Industry Segment – Description of Segments

The consolidated entity operates solely in the exploration and development of oil and gas producing properties. The chief operating decision maker has identified that the Group works in two distinct geographical segments of Texas, USA and Australia.

Half year ended 31 December 2009 Geographical segment	USA \$	Australia \$	Consolidated \$
Revenues from continuing activities	-	690,264	690,264
Segment result (loss)	-	(374,650)	(374,650)
Segment assets	2,557,143	7,725,684	10,282,827
Segment liabilities	-	(119,303)	(119,303)
<hr/>			
Half year ended 31 December 2008 Geographical segment			
Revenues from continuing activities	-	1,639,177	1,639,177
Segment result (loss)	-	(3,592,464)	(3,592,464)
Segment assets	2,557,143	7,193,438	9,750,581
Segment liabilities	-	(190,777)	(190,777)

## 7. LOSS PER SHARE

	Half-Year ended 31 December 2009 \$	Half-Year ended 31 December 2008 \$
<b>Reconciliation of earnings to net loss</b>		
Net loss	(323,840)	(3,592,464)
Earnings/(loss) used in the calculation of basic and dilutive EPS	(323,840)	(3,592,464)
Weighted average number of ordinary shares outstanding during the period used in calculation of basic and dilutive EPS	<b>Number</b> 107,730,005	Number 107,730,005

Details of any shares issued are included under note 9. Dilutive EPS is not reflected as it would result in the reduction of the loss per share.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

8. EXPLORATION & EVALUATION COSTS

	GROUP	
	December 2009 \$	June 2009 \$
Non-Current		
Exploration, evaluation and development costs carried forward in respect of areas of interest in exploration and evaluation phases	2,557,143	2,557,143
Reconciled as follows:		
Opening balance	2,557,143	4,476,222
Impairment of exploration and evaluation costs	-	(4,567,951)
Expenditure during the period	-	2,648,872
Closing Balance	2,557,143	2,557,143

The ultimate recoupment of these costs is dependent on successful development and commercial exploitation, or alternatively, the sale of the respective areas.

9. EQUITY SECURITIES ISSUED

The movements in Ordinary Shares during the period ended 31 December 2009 were as follows:

9.1 Ordinary shares

	GROUP	
	Dec 2009 \$	Dec 2008 \$
Opening balance	13,934,982	13,912,982
Other movements in shares on issue	-	-
(Capital raising costs)/ reversed in period	(22,000)	22,000
<b>Half-Year ended 31 December 2009</b>	<b>13,912,982</b>	<b>13,934,982</b>

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

### 9.2 Options

No options have been exercised, have expired or have been cancelled during the period. For further information regarding the listed options please refer to the company's prospectus dated 19 June 2007.

### 9.3 Converting Preference Shares

All convertible preference shares were issued prior to the half-year ended 31 December 2009. There were no movements in Converting Preference Shares during the period.

## 10. RELATED PARTY TRANSACTIONS

At 31 December 2009 the company has a Farmin agreement with Kilgore Oil and Gas Limited to the value of \$2,557,143 (30 June 2009: \$2,557,143). Kilgore Oil and Gas Limited have guaranteed Odin Energy Limited a return of 20% on this investment by 30 June 2010 which both parties have agreed to extend until 31 March 2011. At 31 December 2009 The Company has not brought this potential future benefit to account because it doesn't believe it is possible to quantify precisely the amount of the benefit.

Odin Energy Limited also has a receivable due from Kilgore Oil and Gas Limited to the value of \$727,081 (30 June 2009: 1,768,885). Movements on this loan account during the period are as follows:

	\$
Balance at 30 June 2009:	1,768,885
Further advances	790,000
Interest charges in the period	143,196
Cash repayments	(1,505,000)
Conversion into shares in Kilgore Oil and Gas Limited	(470,000)
Balance at 31 December 2009	<u>727,081</u>

This receivable was due to be paid back on 31 March 2010 however on 31 December 2009 a revised agreement was signed extending the date to 31 March 2011. The amount is secured via a fixed and floating charge over the assets of Kilgore Oil and Gas limited. The balance accrues interest at 15% per annum.

Kilgore Oil and Gas Limited is a related party because Anthony Short, a director of Kilgore Oil and Gas Limited is a former director of Odin Energy Limited and David Ballantyne is Company Secretary of both companies.

The balance owing to Kilgore Oil and Gas Limited is fully secured by a fixed and floating charge over the assets of the Company. Notwithstanding this security, the repayment of these facilities is dependent upon their ability to continue on a going concern basis, which contemplates the realisation of assets, the raising of capital, the production of operational cash flows, and the extinguishment of liabilities in the normal course of business. Should this not be the case, there is doubt as to whether Kilgore Oil & Gas Limited will be able to repay all of the outstanding amounts in accordance with the terms of the loan agreement. The Board of Odin is confident of repayment from Kilgore's share of production, and ultimate sale, of its Galveston 307 offshore project.

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

At 31 December 2009 the company had a receivable due from Advance Energy Limited to the value of \$1,600,000 (30 June 2009: \$2,000,000). Movements on this principal loan amount during the period was as follows:

	\$
Balance at 30 June 2009:	2,000,000
Cash repayments	<u>(400,000)</u>
Balance at 31 December 2009	<u><u>1,600,000</u></u>

On 31 December 2009 the Directors of Odin Energy Limited made an application to convert this balance into an unsecured listed convertible note which earns interest at 9.5% with a repayment date of 31 December 2014.

Advance Energy Limited is a related party because Alex Bajada is also a Director of Advance Energy Limited and David Ballantyne is Company Secretary of both companies.

At 31 December 2009 the Group had listed investments held at fair value in the following related parties:

	Fair value at 31 December 2009	Fair value at 30 June 2009
	\$	\$
Red Sky Energy Limited*	678,564	350,675
Red Sky Energy Limited options*	38,000	-
Kilgore Oil and Gas Limited*	1,034,000	-
Kilgore Oil and Gas Limited Options*	235,000	-
Advance Energy Limited **	789,840	-
Palace Resources Limited*	2,400	-
Totals per consolidated accounts	<u><u>2,777,804</u></u>	<u><u>350,675</u></u>

\* Held in Glory Run Pty Ltd, a 100% owned subsidiary of Odin Energy Limited

\*\* \$645,840 of this balance is held in Glory Run Pty Ltd

Red Sky Energy Limited is a related party due to having a common director in Roland Berzins. David Ballantyne is also Company Secretary of both companies.

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## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

Palace Resources Limited is a related party due to having a common director in Roland Berzins.

At 31 December 2009 the company had the following balances receivable from / (due from) AAG Management:

	At 31 December 2009 \$	At 30 June 2009 \$
Balance due from AAG	60,000	60,000
Balance payable to AAG	(15,863)	(5,801)

Management fees charged to Odin Energy Limited for the period amounted to \$151,752 (period to 31 December 2008: \$45,037).

David Ballantyne is a key management personnel in AAG Management and is the Sole Director and Shareholder.

Directors fees for the period amounted to:

	To 31 December 2009 \$	To 31 December 2008 \$
A Bajada	75,000	75,000
Andrew Dimsey	124,998	137,267
Roland Berzins	47,500	47,500
	247,498	259,767

Odin Energy Limited has loaned \$77,500 (30 June 2009: \$65,000) to GBU Capital Pty Ltd, a company that provides corporate services to the Group. Alex Bajada is a Director of GBU Capital Pty Ltd.

At the end of the half-year the following amounts were owed to subsidiaries:

Entity	Amount Owed	Relationship
<b>Glory Run Pty Ltd</b>	\$142,930	A wholly owned subsidiary.

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

### 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

#### Joint Ventures

The Group has entered into a joint venture through a company called Blaze Asset Pty Ltd. The Group has a 50% participating interest in this joint venture entity and is entitled to 50% of its output.

The interest in Blaze Asset Pty Ltd is accounted for in the consolidated financial statements using the equity method of accounting and is carried at cost by the parent entity. Information relating to the joint venture is set out below.

#### Investment details

<i>Un-Listed</i>	Consolidated	
	2009 \$	2008 \$
Blaze Asset Pty Ltd	1	-
Loan to Blaze Asset Pty Ltd	177,730	-
Share of unrecognised losses before income taxes	(177,731)	-
	-	-

#### Movements in the carrying amount of the Group's investment in associate

<b>Blaze Asset Pty Ltd</b>	Consolidated	
	2009 \$	2008 \$
Balance at the beginning of the half year	161,171	-
Acquisition	-	-
Loans to associate	98,334	-
Impairment	(160,299)	-
Share of unrecognised losses before income tax	(99,206)	-
Balance at the end of the period	-	-

As at 31 December 2009, the investment in the associate is not brought to account as the Company's share of losses exceeds its interests in the associate and as such these further losses are not recognised.

### 12. CONTINGENT ASSETS AND LIABILITIES

On 26 November 2008, the Company terminated the farm-in agreement on the Spinel Block of PEL 106 by notice to Kompliment Pty Ltd (a subsidiary of Blue Energy Ltd). Odin commenced legal action for the recovery of \$4.5m paid for the Spinel 3D seismic.

The Company has a farm in interest in a proven gas project which will commence flowing commercially in the June quarter. Capitalised expenditure on this project is approximately \$2.5 million, and the Company has no further amounts payable in respect of the project. In addition Kilgore Oil and Gas Limited has provided a guaranteed return on this investment of 20%, which is payable should cash flows over time and/or the sale of the project return less than this. The Company has not brought this potential future benefit to account at 31 December 2009 because it doesn't believe it is not possible to quantify precisely the amount of the benefit.

There were no contingent liabilities as at 31 December 2009. (30 June 2009: Nil)

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

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### 13. COMMITMENTS

There were no commitments as at 31 December 2009. (30 June 2009: Nil)

### 14. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the period end the Company issued a Rights Issue Prospectus on the 16<sup>th</sup> February 2010. The offer is a one for one basis to raise up to \$1,077,300 before the costs of the Offer. The Offer closes on the 26<sup>th</sup> March 2010.

### 15. DIVIDENDS

No dividends were paid or declared during the period.

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**DIRECTORS DECLARATION  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

In the opinion of the directors of Odin Energy Limited ("the Company"):

1. the financial statements and notes set out on pages 4 to 16, are in accordance with the Corporations Act 2001 including:
  - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2009 and of its performance, as represented by the results of its operations and cash flows for the period ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



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Alex Bajada  
Director  
Dated at PERTH this 12<sup>th</sup> day of March 2010.

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ODIN ENERGY LIMITED

### Matters Relating to the Electronic Presentation of the Half-Year Financial Report

This auditor's report relates to the half-year financial report of Odin Energy Limited for the period ended 31 December 2009 included on Odin Energy Limited's web site. The disclosing entity's directors are responsible for the integrity of Odin Energy Limited's web site. We have not been engaged to report on the integrity of Odin Energy Limited's web site. The auditor's review report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this half-year report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information included in the reviewed half-year financial report presented on this web site.

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Odin Energy Limited, which comprises the balance sheet as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entity it controlled at the half-year end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### 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 an Interim and Other Financial Reports 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2009 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 Odin 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.

## Independence

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* would be in the same terms if it had been given to the directors at the time that this auditor's review report was made.

## 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 Odin 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 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

## Significant uncertainty regarding recoverability of loans

Without qualification to our conclusion expressed above, the most recent financial statements of Kilgore Oil and Gas Limited include in its audit opinion, a material uncertainty regarding the respective company's ability to continue as a going concern and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report. Should the company not be able to continue as a going concern, there exists a significant uncertainty as to whether the respective company will be able to repay the outstanding debt of \$727,081 in accordance with the terms of the loan agreement and therefore whether Odin Energy Limited will recover the loan at the amount stated in the financial report.

## BDO Audit (WA) Pty Ltd



**Glyn O'Brien**  
Director

Signed in Perth, Western Australia  
Dated this 12<sup>th</sup> day of March 2010.