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## ODIN ENERGY LIMITED

28 JANUARY 2011

### QUARTERLY REPORT

FOR THE 3 MONTHS ENDED 31 DECEMBER 2010

### HIGHLIGHTS

- Gas production from Galveston 307 re-commenced on 1 November following completion of scheduled maintenance and safety testing of downstream pipelines.

### Operations

#### Galveston 307 Prospect (Snipe, Egret and Sandpiper), Texas State Waters (WI 5.625% NRI 4.5%)

Production from the three Galveston 307 blocks re-commenced on 1 November, following the completion of scheduled maintenance and safety testing. The project produced 367,205 MCF sales gas and 1,627 Barrels of condensate (approximately 16,524 MCF and 73 BC net to Odin) for the two months to 31 December 2010. This represents daily production from the project of slightly over 6,000 MCF, and there is still a 12.5 - 14/64" choke in place. Peak rates of 8,000 MCF have been experienced; although the cooler weather in the Gulf has resulted in occasional automatic well shut ins.

Revenues are receivable approximately 60 days in arrears, so November revenues will be received in late January/early February.

## Corporate

### Legal Action

The Company is continuing its legal action against Blue Energy Ltd and Great Artesian Oil and Gas Ltd (a subsidiary of Drillsearch Energy Ltd (DSL)) for the recovery of \$4.5m plus interest and all associated costs.

### Financial Position

The group has in excess of \$1.5 million in cash. It also has approximately \$3.4 million in listed securities (at current market value), \$0.8 million in current receivables (excluding the potential recoveries from the legal action with Blue Energy Ltd (see above)) and no debt. Combined with anticipated monthly cash flows of around US\$35,000-US\$40,000 per month (based on November/December production) from the Galveston gas project and the various administration cost cuts effective 1 July 2010, the Board considers the current financial position to be very healthy.

The Board also continues to review other investment opportunities to increase shareholder value.

### For Further Information Contact:

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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 2010

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) administration	(136)	(394)
(e) litigation costs	(64)	(213)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	78	200
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(122)</b>	<b>(407)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	(261)	(397)
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	-	161
(c)other fixed assets	-	-
1.10 Loans to other entities	(135)	(712)
1.11 Loans repaid by other entities	1,019	1,019
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>623</b>	<b>71</b>
1.13 Total operating and investing cash flows (carried forward)	501	(336)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	501	(336)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	165
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)		
	<b>Net financing cash flows</b>	-	165
<b>Net increase (decrease) in cash held</b>		501	(171)
1.20	Cash at beginning of quarter/year to date	1,038	1,710
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	1,539	1,539

**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	66
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

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

**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

+ See chapter 19 for defined terms.

**Estimated cash outflows for next quarter**

		\$A'000
4.1	Exploration and evaluation	-
4.2	Development	-
4.3	Production	-
4.4	Administration	125
	Litigation costs	300
<b>Total</b>		<b>425</b>

**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	1,309	808
5.2	Deposits at call-litigation bank guarantee	230	230
5.3	Bank overdraft		
5.4	Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>		<b>\$1,539</b>	<b>\$1,038</b>

**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 <b>Preference +securities</b> <i>(description)</i>	7,000 (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 <b>+Ordinary securities</b>	189,160,034	189,160,034		
7.4 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through returns of capital, buy-backs	-	-		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-			
7.6 Changes during quarter				
(a) Increases through issues	-			
(b) Decreases through securities matured, converted	-			
7.7 <b>Options</b> <i>(description and conversion factor)</i>	Unlisted -		<i>Exercise price</i>	<i>Expiry date</i>
	1,000,000		25 cents	31 Dec 2012
	1,000,000		50 cents	31 Dec 2012
	105,364,999	105,364,999	25 cents	30 Nov 2012
7.8 Issued during quarter	-			
7.9 Exercised during quarter	-			
7.10 Expired during quarter	-			
7.11 <b>Debentures</b> <i>(totals only)</i>	-			
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	-			

+ See chapter 19 for defined terms.

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## 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 ~~not~~\* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: ..... Date: ..28 January 2011 .....

(~~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.

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