ODIN ENERGY LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2010

ANNUAL REPORT – 30 June 2010

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CORPORATE INFORMATION

Directors

Chairman	Alex Bajada
Director	Roland Berzins
Non executive director/Company Secretary	David Ballantyne
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Postal Address	P.O. Box 1779 WEST PERTH WA 6872
Auditors	BDO Audit (WA) Pty Ltd 38 Station St SUBIACO WA 6008
Solicitors - Perth	Muries Lawyers 16 Emerald Terrace WEST PERTH WA 6005
Bank	National Australia Bank 1232 Hay St West Perth WA 6005
Stock exchange listings	Odin Energy Limited shares and options are listed on the Australian Stock Exchange under the code ODN and ODNO respectively.
Website Address	odinenergy.com.au

CHAIRMAN'S LETTER

Dear Shareholder

During the past year, development of the Galveston 307 gas field in which Odin has a working interest has been completed. A production platform and sales pipeline was installed during the final quarter of the year and the field brought into production in July 2010. All indications are that the field will produce at rates similar to those achieved during the 2009 flow test (10,000 mcfpd). Production from the field is currently shut-in pending the completion of scheduled maintenance to an upstream pipeline, but is expected to re-commence on or around 1 October 2010.

Odin is continuing its legal action against Blue Energy Ltd for the recovery of $4.5m plus legal costs and interest. During the year, the parties entered into a mediation process, which terminated without resolution of the issues.

Your Company also undertook a 1 for 1 non-renounceable rights issue that was subscribed for by more than 55% of shareholders. 5,970,000 shortfall shares were subsequently placed during the financial year. A further 16,500,000 shares were placed subsequent to the end of the financial year. These activities have resulted in the Company raising approximately $780,000 of working capital.

With development of the Galveston 307 field finally complete and the field now producing, Odin Energy looks forward to increased revenues, either from production, sales and/or from the proceeds of divestment. The Company will continue to assess investment opportunities, both in direct production working interests and equity investments.

The Board thanks shareholders for their continuous support.

Alex Bajada
Chairman
30th September 2010

REVIEW OF OPERATIONS

Operational Overview

Galveston 307 Farm-in with Kilgore Oil and Gas Ltd (WI 5.625%, NRI 4.5%)

In February 2009, Odin executed a farm-in with Kilgore Oil and Gas Ltd to participate in the drilling of the Sandpiper, Snipe and Egret prospects in the Galveston 307 Block in offshore Texas waters. The three wells were all discoveries and were subsequently completed.

The field operator, Black Pool Energy LLC, commissioned the manufacture of a production caisson and sales pipeline for the three Galveston 307 wells. These facilities were installed in the final quarter of the year and first gas flows commenced on a tight (8/64") choke subsequent to the end of the financial year. The wells were temporarily shut-in as a result of scheduled testing of a pipeline into which the Galveston 307 pipeline flows, but will be flowing again consistently by early October 2010.

Corporate Overview

Conversion of Class B Convertible Performance Shares

The Company issued 3,500,000 ordinary shares as a result of the conversion of 3,500 Class B Convertible Performance Shares (CPS). The Class B CPS was convertible on the Company achieving completion of the first well in which the Company participated. An independent expert opined that, as a result of the completion of the Egret, Sandpiper and Snipe wells, Odin had now earned a 5.63% Working Interest and a 4.5% Net Revenue in the three Galveston 307 wells.

Rights Issue

The Company undertook a non-renounceable rights issue of shares on the basis of one share for every share held at the record date at an issue price of one cent ($0.01). The Company received entitlement applications for 55,460,029 shares and shortfall applications for 5,970,000 shares. These shares were subsequently allotted raising $614,300 before the costs of the offer. Subsequent to the year end a further 16,500,000 shares were placed, raising a further $165,000 before costs.

Legal Action PEL 106 Spinel Block

The Company continued its legal action against Blue Energy Ltd and Great Artesian Oil and Gas Ltd (a subsidiary of Drillsearch Energy Ltd) for the return of $4.5 million plus interest and accumulated legal costs, which could amount to over $6 million. During the second half of the year, the parties entered a mediation process which was terminated subsequent to the end of the year without resolution. Odin has therefore resumed its legal action for the recovery of the aforementioned monies.

Off Market Takeover of Target Energy Ltd

The off-market takeover of Target Energy Ltd by Blaze Asset Pty Ltd, a Company jointly owned by Odin Energy Ltd and Advance Energy Ltd, expired on 17 July 2009. At the expiry of the offer, Blaze had received acceptances from the holders of 5.83% of Target Energy shares.

Operating Results for the Year- Odin Energy

The net operating loss of the Group for the financial year ending 30 June 2010 after income tax amounted to $2,286,168 (2009: $4,183,172).

CORPORATE GOVERNANCE

COMPLIANCE WITH ASX CORPORATE GOVERNANCE RECOMMENDATIONS

Introduction

Odin Energy Limited ("Company") has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this section and additional information is provided on the Company's website.

Corporate governance is the system by which companies are directed and managed. It influences how the objectives of the Company are achieved, how risk is monitored and assessed and how performance is optimised.

The Board and management are committed to corporate governance and, to the extent they are applicable to the Company, have adopted the Eight Corporate Governance Principles and each of the Best Practice Recommendations as published by ASX Corporate Governance Council. Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure. To obtain a copy of these principles please go to the ASX website:

(.asx.com.au/professionals/companies/index.htm).

Additional information about the Company's corporate governance practices is set out on the Company's website at www.odinenergy.com.au:

The table below summarises the Company's compliance with the Corporate Governance Council's Recommendations:

Principle	ASX Corporate Governance Council Recommendations	Comply
1	Lay solid foundations for management and oversight	
1.1	Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Yes
1.2	Disclose the process for evaluating the performance of senior executives.	Yes
1.3	Provide the information indicated in the Guide to reporting on principle 1.	Yes
2	Structure the Board to add value	
2.1	A majority of the Board should be independent Directors.	No
2.2	The chair should be an independent director.	No
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	No
2.4	The Board should establish a nomination committee.	No
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual Directors.	Yes
2.6	Provide the information indicated in the Guide to reporting on principle 2.	Yes
3	Promote ethical and responsible decision-making	
3.1	Establish a code of conduct and disclose the code or a summary as to:	Yes
	the practices necessary to maintain confidence in the Company's integrity;	
	the practices necessary to take into account the Company's legal obligations and the reasonable expectations of its stakeholders; and	
	the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	
3.2	Establish a policy concerning trading in Company securities by Directors, senior executives and employees and disclose the policy or a summary.	Yes
3.3	Provide the information indicated in the Guide to reporting on principle 3.	Yes
4	Safeguard integrity in financial reporting	
4.1	The Board should establish an audit committee.	No
4.2	The audit committee should be structured so that it:	No
	consists only of non-executive Directors;	
	consists of a majority of independent Directors;	
	is chaired by an independent chair, who is not chair of the Board; and	
	has at least three members.	
4.3	The audit committee should have a formal charter	Yes
4.4	Provide the information indicated in the Guide to reporting on principle 4.	Yes
5	Make timely and balanced disclosure	
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes
5.2	Provide the information indicated in the Guide to reporting on principle 5.	Yes
6	Respect the rights of shareholders	
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	Yes
6.2	Provide the information indicated in the Guide to reporting on principle 6.	Yes

Principle	ASX Corporate Governance Council Recommendations	
7	Recognise and manage risk	
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of i ts material business risks.	Yes
7.3	The Board should disclose whether it had received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes
7.4	Provide the information indicated in the Guide to reporting on principle 7.	Yes
8	Remunerate fairly and responsibly	
8.1	The Board should establish a remuneration committee.	No
8.2	Clearly distinguish the structure on non-executive Directors' remuneration from that of executive Directors and senior executives.	Yes
8.3	Provide the information indicated in the Guide to reporting on principle 8.	Yes

Council Principle 1:

Lay solid foundations for management and oversight

Role of the Board

The Board's primary role is the protection and enhancement of medium to long term shareholder value.

To fulfil this role, the Board is responsible for the overall Corporate Governance of the consolidated entity including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Responsibility of the Board

The Board is collectively responsible for promoting the success of the Company by:

- supervising the Company's framework of control and accountability systems to enable risk to be assessed and managed
- ensuring the Company is properly managed
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- approval of the annual budget;
- monitoring the financial performance of the Company;
- approving and monitoring financial and other reporting;
- overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;
- liaising with the Company's external auditors as appropriate; and
- monitoring, and ensuring compliance with, all of the Company's legal obligations, in particular those obligations relating to the environment, native title, cultural heritage and occupational health and safety.

The Board must convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities. Between regular meetings it will also ensure that important matters are addressed by way of circular resolutions.

The Board may, from time to time, delegate some of the responsibilities listed above to its senior management team.

Materiality threshold

The Board has agreed on both quantitative and qualitative guidelines for assessing the materiality of matters. Qualitative indications of materiality would include if:

- they impact on the reputation of the Company;
- they involve a breach of legislation;
- they are outside the ordinary course of business;
- they could affect the Company's rights to its assets; or
- if accumulated they would trigger the quantitative tests.

The Chairman

The chairman is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all Directors in relation to issues arising at Board meetings. The chairman is also responsible for overall shareholder communication, chairing shareholder meetings, and arranging Board performance evaluation. Periodically the chairman may carry out the role of managing director where the managing director's position is not filled.

The Managing Director

The managing director is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out his/her responsibilities the managing director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.

Role and responsibility of management

The role of management is to support the managing director and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Management is responsible for reporting all matters which fall within the Materiality Threshold at first instance to the managing director or if the matter concerns the managing director then directly to the chairman or the lead independent director, as appropriate.

Relationship of Board with management

Management of the day-to-day business of the Company is to be conducted by or under the supervision of the Board, and by those other officers and employees to whom the management function is properly delegated by the Board.

The Board will adopt appropriate structures and procedures to ensure that the Board functions independently of management. Appropriate procedures may involve the Board meeting on a regular basis without management present, or may involve expressly assigning the responsibility for administering the Board's relationship to management to a Committee of the Board.

Information is formally presented to the Board at Board meetings by way of Board reports and review of performance to date. When Directors are providing information about opportunities for the Company, this should always be through the Board.

Council Principle 2:

Structure the Board to add value

The Company presently has one executive director, one non-executive director and one non-executive Chairman (Mr Alex Bajada), who is not independent in terms of the ASX Corporate Governance Council's definition of an independent director, because of his relevant interest in the Company's securities. The Board believes that the Chairman is able and does bring quality and independent judgment to all relevant issues falling within the scope of the role of a Chairman. Therefore no director is independent in accordance with Council Principle 2. However the Board considers that its structure has been and continues to be appropriate in the context of the Company's current projects and operations. The Company considers that each director possesses skills and experience suitable for building the Company. Furthermore, the Board considers that in the current phase of the Company's growth, the Company's shareholders are better served by Directors who have a vested interest in the Company.

The Board intends to reconsider its composition as the Company's operations evolve, and appoint independent Directors as appropriate. The chairman is responsible for evaluating the performance of the Board.

The Company has not established a nomination committee, believing that the Company is not currently of a size to justify its formation.

Council Principle 3:

Promote ethical and responsible decision-making

The Company complies with this recommendation. The Company has adopted a code of conduct incorporating all corporate executives. It requires all business affairs to be conducted legally, ethically and with integrity. The code provides for reporting of breach of the code by others. The code of conduct has been made available on the Company's website.

The Board has adopted a policy and procedure on dealing in the Company's securities by Directors, officers and employees which:

- prohibits dealing in the Company's securities whilst in possession of insider information;
- prevents short term trading in the Company's securities;
- requires the Company secretary or a director (other than the director trading, if applicable) to be notified upon a trade occurring; and
- prevents dealing in the Company's securities during specified blackout periods.

Council Principle 4:

Safeguard integrity in financial reporting

The Company's Managing Director and Chief Financial Officer report in writing to the Board that the consolidated financial statements of the Company and its controlled entities for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards.

The Company has not established an audit committee believing that the Company is not of a size, nor are its financial affairs of such complexity to warrant its establishment. The Board as a whole fulfils the role of an audit committee by:

- Monitoring the integrity of the financial statements of the Company, and reviewing significant financial reporting judgments.
- Reviewing the Company's internal financial control system and risk management systems.
- Reviewing the appointment of the external auditor and approving the remuneration and terms of engagement.
- Monitoring and reviewing the external auditor's independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements.

Council Principle 5:

Make timely and balanced disclosure

Compliance procedures for ASX Listing Rule disclosure requirements have been adopted by the Company. It has appointed an officer of the Company to be responsible for compliance.

Council Principle 6:

Respect the rights of shareholders

Information will be communicated to shareholders as follows:

- The annual report is distributed to all shareholders. The Board ensures that the annual report includes relevant information about the operations of the consolidated entity during the year, changes in the state of affairs of the consolidated entity and details of future developments, in addition to the other disclosures required by the Corporations Act. The annual report is made available on the Company's website, and is provided in hard copy format to any shareholder who requests it.

- The half-yearly report contains summarised financial information and a review of the operations of the consolidated entity during the period. The half-year audited financial report is prepared in accordance with the requirements of applicable Accounting Standards and the Corporations Act and is lodged with the Australian Securities Exchange. The h alf-yearly report is made available on the Company's website, and is sent to any shareholder who requests it.
- The quarterly report contains summarised cash flow financial information and details about the Company's activities during the quarter. The quarterly report is made available on the Company's website, and is sent to any shareholder who requests it.
- Proposed major changes in the consolidated entity which may impact on share ownership rights are submitted to a general meeting of shareholders.
- The Company's website is well promoted to shareholders and shareholders may register to receive updates, either by email or in hard copy.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals. Important issues are presented to the shareholders as resolutions.

The shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares to Directors and changes to the constitution. Copies of the constitution are available to any shareholder who requests it.

Company's website

The Company maintains a website at www.odinenergy.com.au.

On its website, the Company makes the following information available on a regular and up to date basis:

- Company announcements;
- latest information briefings;
- notices of meetings and explanatory materials;
- quarterly, half yearly and annual reports.

The website is being continuously updated with any information the Directors and management may feel is material.

The Company also ensures that the audit partner attends the Annual General Meeting.

Council Principle 7:

Recognise and manage risk

The Company has developed a framework for risk management and internal compliance and control systems which covers organisational, financial and operational aspects of the Company's affairs. It appoints the managing director as being responsible for ensuring that the systems are maintained and complied with.

Council Principle 8:

Remunerate fairly and responsibly

The Board believes the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for Directors and executives of the Company and considers it more appropriate to set time aside at Board meetings to specifically address matters that would ordinarily fall to the remuneration committee.

DIRECTORS' REPORT

Your Directors present their report for Odin Energy Ltd and its controlled entity for the year ended 30 June 2010.

A. Directors

The names and details of the Company's Directors in office at any time during the financial year and until the date of this report are detailed below.

A. Bajada

A. Dimsey (resigned 18 December 2009)

R. Berzins

R. Hynes (appointed 18 December 2009, resigned 15 June 2010)

D. Ballantyne (appointed 15 June 2010)

B. Principal activities

Odin Energy Ltd was incorporated on 20 March 2007 and controls one wholly-owned operating subsidiary, Glory Run Pty Ltd which was incorporated on 25 September 2007. The principle activity of the Group and Company during the financial year was the exploration for oil and gas predominantly in Australia and US.

There were no changes in the nature of the activities of the Group during the year.

C.Operating results

The net operating loss of the Group for the year ended 30 June 2010 before income tax amounted to $2,286,168 (2009: loss $4,183,172).

D. Dividends paid or recommended

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

E. Review of operations

A detailed review of the Group's activities is contained in the Operations Review section of the Annual Report.

F. Significant changes in the state of affairs

There were no significant changes in the state of affairs of the group during the year.

G. Matters subsequent to the end of the financial year

Subsequent to 30 June 2010 16,500,000 fully paid ordinary shares were issued at 1 cent.

H. Likely Developments

Further information on operations and likely developments are supplied in the Review of Operations and Chairman's letter.

I. Environmental Issues

The Group's operations are subject to various environmental regulations under the Federal and State Laws of United States of America. The majority of the Company's activities involve low level disturbance associated with its production facilities and exploration drilling programs. As at the date of this report the group complies fully with all such regulations.

The Group is subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007.

The Energy Efficiency Opportunities Act 2006 requires the Group to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the Group intends to take as a result.

The National Greenhouse and Energy Reporting Act 2007 require the Group to report its annual greenhouse gas emissions and energy use. The Group will not be in commercial production until the last quarter of 2010 so no measurements have been recorded. The Group intends to implement system and process for the collection and calculation of the data required in financial year 2011.

J. Information on Directors and Secretary

Names, qualifications, experience and special responsibilities

Mr Alex Bajada B.Econ (UWA) – Executive Chairman

Mr Bajada is Executive Director of Spartan Nominees Pty Ltd, corporate consultants. He is a former stockbroker with many years experience in the corporate sector and has been involved in the management of public companies for many years fulfilling the roles of chairman and director.

Other Current Directorships

Managing Director of Excalibur Mining Corporation Limited (Appointed 30 November 2004), Chairman of AXG Limited (Appointed 13 February 2007),an Independent Director of the WA Local Government Superannuation Plan.

Other Directorships within the last three years

Advance Healthcare Group Ltd, Chairman of Inovax Ltd. Non-Executive Director of Victoria Petroleum NL, Vector Resources Ltd, Advance Energy Ltd until 21/06/2010

Mr Andrew Dimsey – Managing Director

Mr Dimsey has 28 years experience in the oil and gas exploration, development and operating industries in Australia and internationally. He has a commercial background and has held senior management positions in a number of public companies. He has significant experience in the management and administration of public companies, mergers and acquisitions, corporate restructuring, oil and gas infrastructure development and management, establishing and managing new oil and gas operations and oil and gas marketing. Mr Dimsey has held senior management positions with Beach Petroleum NL, Alliance Oil Development NL, Claremont Petroleum NL, Origin Energy Ltd and ARC Energy Ltd.

Other Current Directorships

None

Other Directorships within the last three years

Grand Gulf Energy Ltd

Mr Roland Berzins – Non-Executive Director

Mr. Berzins graduated from the University of Western Australia with a Bachelor of Commerce degree majoring in accounting and finance. He has over 20 year experience in the mining industry and was previously Chief Accountant for 6 years at Kalgoorlie Consolidated Gold Mines Pty Ltd (“Kalgoorlie Super Pit”). Since 1996 Mr Berzins has been Company Secretary for a variety of ASX listed companies, and has also had experience in retail, merchant banking, venture capital and SME business advisory.

Other Current Directorships

AXG Mining Ltd (Appointed 15 December 2005) and Palace Resources Ltd (Appointed 20 May 2005).

Robert Hyndes – Former Non Executive Director, Bachelor of Commerce, Certificate in Corporate Finance

Mr Hyndes has a corporate finance and management consulting background with experience in Australia, the United Kingdom and the United States. He has provided strategy and consulting services across a range of industries including technology, resources and professional services.

In 2001, Mr Hyndes joined London based private equity firm Lion Capital Advisors where he was responsible for sourcing, evaluating and recommending investments for the firm and also had responsibility for transaction structuring. Since 2004, Mr Hyndes has worked on a number of international engagements in Australia, the United States and Asia.

Mr Hyndes resigned on 15 June 2010.

Other Current Directorships

Odin Energy Ltd (Appointed-18/12/2009-Resigned 15/06/2010), Vector Resources Ltd (Appointed-24/02/2009)

Other Directorships within the last three years

Red Sky Energy Ltd (Appointed 18 February 2009-Resigned 11 November 2009)

David Ballantyne - Non Executive Director and Company Secretary MA (Hons) University of Edinburgh, ACA

Mr. Ballantyne is a Chartered Accountant who has a significant level of commercial experience in the exploration / mining industry and in the biotechnology and aquaculture industries. He has previously worked for a former Big 4 accounting firm and second tier accounting firms in the areas of audit, corporate services and insolvency. Mr Ballantyne has also had extensive experience in the corporate management, Directorship and Company secretary roles of small mineral exploration and production companies and has completed listings on AIM and ASX.

Other Current Directorships

None

Other Directorships within the last three years

None

Meetings of Directors

The Company's board held 20 meetings during the year ended 30 June 2010 and the number of meeting attended by each director were:

	Board meetings able to attend	Board meetings attended
A. Bajada	20	20
A. Dimsey	5	5
R. Hyndes	12	12
R. Berzins	20	20
D. Ballantyne	3	2

Securities held and controlled by Directors

As at the date of this report, the interests of the Directors in shares, Convertible Preference Shares ("CPS") and options of the Company were:

Holder	Ordinary shares	Options	Convertible Preference Shares (CPS)
Alex Bajada Indirect	12,860,000	2,687,500	1,750
Andrew Dimsey Direct	3,000,000	1,250,000	1,000
Roland Berzins	-	-	-
Robert Hyndes	-	-	-
David Ballantyne Indirect	1,200,000	-	-

Details of the conditions relating to conversion of the Convertible Preference Shares are included in note 18.

K. Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for Directors and executives of Odin Energy Limited. This report has been set out under the following main headings:

A. Principles Used to Determine the Nature and Amount of Remuneration
B. Service Agreements
C. Details of Remuneration
D. Additional Information

The Board is responsible for the remuneration of the Company's executives including share and benefit plans. This will result in the Company establishing appropriate remuneration levels and incentive policies for all executives. Establishment of a remuneration committee will be reviewed as the Company's operations evolve. Remuneration is not directly linked to performance as it is considered that all Directors have other material vested interests in the success of the business.

The information provided in this remuneration report has been audited as required by S308 (3c) of the Corporations Act, 2001.

A. Principles Used to Determine the Nature and Amount of Remuneration

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and Executive Officers. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered the Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage/alignment of executive compensation
- Transparency
- Capital management

The Board policy is to remunerate non-executive Directors at fair market rates for comparable companies for the relevant time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually based on market practice, duties and accountability. The maximum amount of fees that can be paid to Directors is subject to approval by shareholders at the Annual General Meeting to a fixed sum not exceeding the aggregate maximum of $300,000 per annum. Fees for non-executive Directors are not linked to the performance of the Group. However, to align director's interests with shareholder interests the Directors are encouraged to hold shares in the Company and may be issued with additional securities as deemed appropriate.

The Board believes that the remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate for aligning director and executive objectives with shareholder and business objectives. The Board will look to develop new practices which are appropriate to the Company's size and stage of development.

Executive Officers are those directly accountable for the operational management and strategic direction of the Company and the consolidated entity.

All contracts with Directors and executives may be terminated by either party with three months notice.

Fixed remuneration

Fixed remuneration consists of a base remuneration package, which includes Directors' fees (in the case of Directors), salaries, consulting fees and employer contributions to superannuation funds if applicable.

Fixed remuneration levels for Directors and executive officers will be reviewed annually by the Board through a process that considers the employee's personal development, achievement of key performance objectives for the year, industry benchmarks wherever possible and CPI data.

Appropriate key performance indicators (KPIs) will be developed by the Board for each director and executive officer each year, and reflect an assessment of how that employee can fulfil their particular responsibilities in a way that best contributes to Company performance and shareholder wealth in that year.

Performance-linked remuneration

Bonuses to Directors and executives are paid based upon unspecified performance criteria as determined by the Board from time to time. No bonuses were paid in the current year.

B. Service Agreements

Remuneration, consulting and other terms of employment for the key management personnel are determined by the Board and were not formalised by way of a Service Agreement but by a Board Resolution in the current financial year. Two of the Directors have fully paid ordinary shares and convertible preference shares in the Company which gives them considerable incentive to see the Company perform well. Other current provisions are set out below or can be found in the Company's June 2007 prospectus.

The Directors and key management personnel during the year included:

Directors

Mr A Bajada, Chairman

Consulting fees (including Directors' fees), for the year ended 30 June 2010 of $150,000 to be reviewed annually by the Board with no termination date. A termination benefit on early termination by the Company, other than for gross misconduct, equal to three month's consulting will be paid.

Mr A Dimsey, Managing Director (Resigned 18 December 2009)

Consulting fees (including Directors' fees) for the year ended 30 June 2010 of $242,804. Mr Dimsey resigned from the position on 18/12/2009. Mr Dimsey continued providing consulting services after resignation for which $117,863 is being paid.

Mr R Berzins, Director

Consulting fees (including Directors' fees) for the year ended 30 June 2010 of $97,178 to be reviewed annually by the Board with no termination date. A termination benefit on early termination by the Company, other than for gross misconduct, equal to three month's consulting will be paid.

Mr R Hyndes, Director (Resigned 15 June 2010)

Consulting fees (including Directors' fees) for the year ended 30 June 2010 of $13,548 to be reviewed annually by the Board with no termination date. A termination benefit on early termination by the Company, other than for gross misconduct, equal to three month's consulting will be paid.

Mr D Ballantyne, Non Executive Director and Company Secretary

Consulting fee, based on time spent on Company business in the range of $2,000 to $6,000 per month. Effective 1 July the Company entered into a services agreement with a company for all standard corporate accounting and company secretarial work. Mr. Ballantyne will draw $20,000 in director's fees in the current financial year.

C. Details of Remuneration

The key management personnel of Odin Energy Limited during the year ended 30 June 2010 includes all Directors and executives mentioned above.

Remuneration packages can contain the following key elements:

- Primary benefits – salary/fees and bonuses;
- Post-employment benefits – including superannuation and services provided after termination;
- Equity – share options and other equity securities; and
- Other benefits.

Nature and amount of remuneration for the year ended 30 June 2010.

		Short-term employee benefits		Post-employment benefits	Equity Performance Related		
		Salary, consulting fees $	Bonus $	Superannuation, Services after termination $	Preference share based payments $	Total $	Proportion of remuneration performance related %
Executive Directors							
A Dimsey							
	2010	137,441	-	105,363	-	242,804	-
	2009	250,000	-	-	-	250,000	-
Non-executive Directors							
A Bajada							
	2010	150,000	-	-	-	150,000	-
	2009	150,000	-	-	-	150,000	-
A Short	2010	-	-	-	-	-	-
	2009	100,000	-	-	-	100,000	-
R Berzins	2010	97,178	-	-	-	97,178	-
	2009	37,778	-	-	-	37,778	-
R Hyndes	2010	13,548	-	-	-	13,548	-
	2009	-	-	-	-	-	-
David Ballantyne	2010	42,439	-	-	-	42,439	-
	2009	71,125	-	-	-	71,125	-
Total compensation	2010	440,606	-	105,363	-	545,969	-
	2009	642,233	-	-	-	642,233	-

No cash bonuses were paid for the year.

Share-based Compensation

Options

No options were granted during the year.

Shares under option

Unissued ordinary shares of Odin Energy Ltd under option at the date of this report are as follow:

Date options granted	Expiry date	Issue price of shares	Number under options
31 August 2007	31 December 2012	$0.139	1,000,000
31 August 2007	30 December 2012	$0.139	1,000,000
			2,000,000

Convertible Preference Shares

During the year 3,500 convertible performance shares were converted into 3,500,000 ordinary shares.

D. Additional Information

Principles used to determine the nature and amount of remuneration: relationship between remuneration and Company performance.

In considering the Company's performance and its effect on shareholder wealth, the Board have regard to a broad range of factors, some of which are financial and others of which relate to the progress on the Company's projects, results and progress of exploration and development activities, joint venture agreements etc. The Board also gives consideration to the Company's result and cash consumption for the year. It does not utilise earnings per share as a performance measure or contemplate payment of any dividends in the short to medium term given that all efforts are currently being expended to build the business and establish self-sustaining revenue streams.

END OF AUDITED REMUNERATION REPORT

L. Indemnification and Insurance of Directors and Officers

During the financial period, the Company maintained an insurance policy which indemnifies the Directors and Officers of Odin Energy Limited in respect of any liability incurred in connection with the performance of their duties as Directors or Officers of the Company. The Directors made a personal contribution toward the premium to satisfy Section 199B of the Corporations Act, 2001. The Company's insurers have prohibited disclosure of the amount of the premium payable and the level of indemnification under the insurance contract.

M. Proceedings on Behalf of the Company

No person has applied for Leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the period.

N. Environmental Regulation and Performance

The Group has a policy of at least complying, but in most cases exceeding its environment performance obligations.

The Group is not subject to the National Greenhouse and Reporting Act 2007 which requires that those subject to the Act report their greenhouse gas emissions and energy use. The Group will recognises that the Act refers to periods from 1 July 2008 and will continue to assess whether it will be required to report under it. No environmental breaches have been notified by any Government agency during the year ended 30 June 2010.

O. Non-Audit Services

The following non-audit services were provided by the entity's auditor, BDO Audit (WA) Pty Ltd or associated entities. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

BDO received or are due to receive the following amounts for the provision of audit / non-audit services:

- Audit and assurance services $ 42,000 (2009: $ 44,786)
- Tax and other services $ Nil (2009: $ 13,330)

P. Auditors Independence Declaration

The Auditor's Independence Declaration, as required under Section 307C of the Corporations Act 2001, for the financial year ended 30 June 2010 has been received and can be found on page 16.

Signed in accordance with a resolution of the Board of Directors.

Alex Bajada
Chairman
West Perth, W.A.
30th September 2010

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bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

30 September 2010

The Directors
Odin Energy Limited
Level 1, 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 year ended 30 June 2010, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

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

Glyn O'Brien
Director

BDO

BDO Audit (WA) Pty Ltd
Perth, Western Australia

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 30 June 2010

		Group	
		2010	2009
	Notes	A$	A$
Revenue from continuing operations	5	(424,674)	(434,990)
Other income	5	(412,165)	(1,487,128)
Accounting and audit		47,672	58,117
Depreciation		2,062	2,148
Staff/consultancy		923,169	844,015
Legal expenses		249,782	79,421
Share of (profits)/losses of Joint Venture entity accounted for using the equity method	11	-	78,525
Marketing and advertising		2,251	56,469
Regulatory expenses		33,591	21,588
Management facility fee		134,024	109,988
Research reports & maps		10,000	9,824
Travel expenses		186,472	108,957
Asset impairment	5	1,403,154	4,567,951
Other administrative expenses		123,395	166,783
Finance charges paid		7,435	1,504
Operating loss before income tax		2,286,168	4,183,172
Income tax expense	6	-	-
Loss for the year		2,286,168	4,183,172
Loss attributed to owners of Odin Energy Ltd		2,286,168	4,183,172
Other comprehensive income for the year:			
Available for sale reserve		141,977	(141,977)
Other equity reserve – share of other comprehensive income of associate		-	(186,883)
Other comprehensive income for the year net of tax		141,977	(328,860)
Total comprehensive income for the year		2,428,145	3,854,310
Total comprehensive income for the year attributed to owners of Odin Energy Ltd		2,428,145	3,854,310
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share/ Diluted earnings per share	21	(2.01)	(3.88)

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

		Group	
		2010	2009
	Notes	A$	A$
Assets			
Current Assets			
Cash and cash equivalents	7	1,710,663	2,207,212
Trade and other receivables	8	276,375	287,512
Available for sale assets	12	1,031,352	624,877
Investments accounted for using the equity method	11	-	161,171
Interest bearing loans	13	782,881	3,833,885
Total current assets		**3,801,271**	**7,114,657**
Non-current Assets			
Property, plant and equipment	10	1,152	3,214
Oil & gas properties	14	2,557,143	2,386,282
Other financial assets	15	1,600,000	75,567
Exploration and evaluation costs	9	-	170,861
Total non-current assets		**4,158,295**	**2,635,924**
Total assets		**7,959,566**	**9,750,581**
Current liabilities			
Payables	16	235,607	127,582
Provisions	17	-	63,195
Total current liabilities		**235,607**	**190,777**
Total liabilities		**235,607**	**190,777**
Net Assets		**7,723,959**	**9,559,804**
Equity			
Contributed Equity	18	14,527,283	13,934,983
Reserves	19	1,365,138	1,507,115
Accumulated losses	20	(8,168,462)	(5,882,294)
Total Equity		**7,723,959**	**9,559,804**

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2010

		Group	
		2010	2009
	Notes	A$	A$
Cash flows from operating activities			
Payments to suppliers & employees (inclusive of GST)		(1,578,822)	(1,469,223)
Interest paid		(7,435)	
Interest received		424,674	585,948
Net cash generated from/(used in) operating activities	**22**	**(1,161,583)**	**(883,275)**
Cash flows from investing activities			
Payments for the acquisition of exploration assets		-	(2,386,282)
Exploration expenses		-	(170,861)
Plant & equipment purchases		-	(2,650)
Investments		(2,930,510)	-
Proceeds from sale of shares		412,165	9,051,995
Other financial assets		-	(75,568)
Loans to third parties		2,591,080	(3,868,409)
Net cash generated from/(used in) investing activities		**72,735**	**2,548,225**
Cash flows from financing activities			
Proceeds from issue of ordinary shares		614,300	-
Capital raising costs		(22,000)	-
Net cash generated from financing activities		**592,300**	**-**
Net movement in cash and cash equivalents		**(496,548)**	**1,664,950**
Opening cash and cash equivalents		2,207,211	542,261
Closing cash and cash equivalents	**7**	**1,710,663**	**2,207,211**

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

	Consolidated					
Year ended 30 June 2010 $	Contributed Equity	Share Based Payment Reserve	Option Reserve	Available for Sale Reserve	Accumulated Losses	TOTAL
Balance at beginning of period	13,934,983	311,488	1,053,650	141,977	(5,882,294)	9,559,804
Loss for year	-	-	-	-	(2,286,168)	(2,286,168)
Other comprehensive income for the year	-	-	-	(141,977)	-	(141,977)
Total comprehensive income for the year	-	-	-	(141,977)	(2,286,168)	(2,428,145)
Transactions with equity holders in their capacity as equity holders						
Issues of share capital	614,300	-	-	-	-	614,300
Issue of options	-	-	-	-	-	-
Issue of share capital cost	(22,000)	-	-	-	-	(22,000)
Balance at end of the year	**14,527,283**	**311,488**	**1,053,650**	**-**	**(8,168,462)**	**7,723,959**

	Consolidated					
Year ended 30 June 2009 $	Contributed Equity	Share Based Payment Reserve	Option Reserve	Available for Sale Reserve	Accumulated Losses	TOTAL
Balance at beginning of period	13,912,983	311,488	1,053,650	-	(1,886,007)	13,392,113
Loss for year	-		-	-	(4,183,170)	(4,183,170)
Other comprehensive income for the year	-		-	141,977	186,883	328,860
Total comprehensive income for the year				141,977	(3,996,287)	(3,854,310)
Transactions with equity holders in their capacity as equity holders	-		-	-	-	-
Issues of share capital	-		-	-	-	-
Issue of options	-		-	-	-	-
Cost of options based payments	22,000		-	-	-	22,000
Balance at end of the year	**13,934,983**	**311,488**	**1,053,650**	**141,977**	**(5,882,294)**	**9,559,804**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements represent the consolidated entity consisting of Odin Energy Limited and its subsidiary.

A. Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

i) 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. The Directors have reviewed the business outlook and are of the opinion that the use of the going concern basis of accounting is appropriate.

ii) Compliance with IFRSs

The consolidated entity financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

iii) Early adoption of standards

The Group has not elected to apply any early pronouncements.

iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

B. Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Odin Energy Limited ("Company" or "parent entity") as at 30 June 2010 and the results of all subsidiaries for the year then ended. Odin Energy Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-Company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Odin Energy Limited.

Jointly controlled assets and operations

The majority of operations are carried out subject to joint venture arrangements. The proportionate interests in the assets, liabilities, income and expenditure of a joint venture activity have been incorporated in the financial statements under the appropriate headings and have been prepared using the equity accounting method.

C. Segment reporting

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 board.

D. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised as follows:

i) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

ii) Oil and Gas revenue

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

E. Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for doubtful debts. Trade receivables are due for settlement between thirty (30) and ninety (90) days from the date of recognition.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income within "other expenses". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other expense in the statement of comprehensive income.

Recoverability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the allowance is recognised in the statement of comprehensive income.

F. Property, Plant and Equipment

i) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated losses for impairment.

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the

ii) Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset which is estimated to vary between 5 and 15 years.

(iii) Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised separately in the profit or loss.

Any item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognised.

G. Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term.

H. Investments and other financial assets

The Group classifies its investments in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the statement of financial position date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position (note 8).

(ii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve (12) months of the statement of financial position date.

Regular purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category, including interest and dividend income, are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in profit or loss and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for sale are impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the statement of comprehensive income as gains and losses from investment securities.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss- measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the profit or loss on equity instruments classified as available-for-sale are not reversed through the profit or loss.

I. Investments in associates

The Group's investment in its associate is accounted for using the equity method of accounting in the consolidated financial statements. Associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

The Group generally deems they have significant influence if they have Board positions and a substantial shareholding which is determined on a case by case situation but in the vicinity of 20% of the equity.

Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associate.

The Group's share of its associate's post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Derecognition

An investment in an associate is derecognised when the Group ceases to have significant influence over an associate. The carrying amount of the investment at the date that it ceases to be an associate is regarded as its cost on initial measurement as a financial asset.

J. Exploration, evaluation and development expenditure

Exploration, evaluation and development expenditure incurred is either written off as incurred or accumulated in respect of each identifiable area of interest. Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are transferred to oil & gas properties and amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure.

K. Oil and gas properties

Following commencement of production activities all acquisition, exploration, evaluation and development expenditure in relation to an area of interest is accumulated into an oil and gas property.

When further development expenditure is incurred in respect of a property after the commencement of production, such expenditure is carried forward as part of the cost of that property only when substantial economic benefits are established, otherwise such expenditure is classified as part of the cost of production.

Amortisation of the cost of oil and gas properties is provided on the unit-of-production basis over the proved developed reserves of the field concerned with separate calculations being made for each resource. The unit-of-production basis results in an amortisation charge proportional to the depletion of the economically recoverable reserves. Amortisation is charged from the commencement of production.

The net carrying value of each property is reviewed regularly for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If the asset does not generate largely independent cash follows, the recoverable amount is determined for the cash generating unit to which the asset belongs. If such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

The recoverable amount is the greater of fair-value less costs to sell and value in use. In assessing value in use, the estimated cash flows are discounted to their present value using the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the assets.

L. Fair Value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measured or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example convertible notes) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

Other techniques such as estimated discounted cash flows are used to determine fair value for remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

M. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

N. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which remain unpaid at year end. The amounts are unsecured and are usually paid within 60 days of recognition. They are recognised initially at fair value and subsequently at amortised cost.

O. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

P. Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Q. Share Based Payments

The Group may at times provide benefits to employees (including Directors) and consultants of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black & Scholes method. The valuation will take into consideration the current market conditions affecting the equity.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than those specified in the Terms and Conditions of the Convertible Preference Shares.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

R. Borrowing costs

Borrowing costs are recognised as an expense when incurred except if costs were incurred for the construction of any qualifying asset, where the costs are capitalised over the period that is required to complete and prepare the asset for its intended use or sale.

Cash and cash equivalents

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

S. Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax is provided on all temporary differences at the statement of financial position date arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and are recognised for all taxable temporary differences:

i) Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised:

i) Except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and

ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future extent that it is probable that the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. Deferred tax assets and liabilities are recognised when it is probable that the future taxable amounts will be available to utilise those temporary differences and losses or that it is probable that the timing differences will not reverse in the foreseeable future.

Income taxes relating to items recognised in directly in equity are recognised in other comprehensive income and not in the profit or loss.

Tax consolidation legislation

Odin Energy Limited and its wholly owned Australian controlled entity have implemented the tax consolidation legislation. This came into effect on the 25th September 2007.

The head entity, Odin Energy Limited, and the controlled entity in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Odin Energy Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

T. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

i) Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authorities, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable; and

ii) Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

U. Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction, net of tax, of the share proceeds received.

V. Earnings per share

i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary share and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

W. New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The group's assessment of the impact of these new standards and interpretations is set out below:

1) AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash –Settled Share- based payment Transactions (AASB 2) (effective from 1 January 2010)

The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the group settles the transaction or whether the transaction is settled in shares or cash. They also clarify how the group share-based payment arrangement should be measured, that is, whether it is measured as equity or a cash settled transaction. The group will apply these amendments retrospectively for the financial reporting period commencing on 1 July 2010. There will be no impact on the group's financial statements.

2) AASB 2009-10 Amendments to Australian Accounting Standards- Classification of Rights Issues (AASB 132) (Effective from 1 February 2010)

In October 2009 the AASB issued an amendment to AASB 132 Financial Instruments: Presentation which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The group will apply the amended standards from 1 July 2010.

3 AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable untill 1 January 2013 but is available for early adoption. The group is yet to assess its full impact. However, initial indicators are that it may affect the group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available- for- sale debt investment, for example, will therefore have to be recognised directly in profit or loss. The group has not yet decided when to adopt AASB 9.

4) Revised AASB 124 Related Party Disclosure and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. The group will apply the amended standard from 1 July 2011. When the amendments are applied, the group will need to disclose any transactions between its subsidiaries and its associates.

5) AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 (effective from 1 July 2010)

AASB interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. The group will apply the interpretation from 1 July 2010. It is not expected to have any impact on the group's financial statements since it is only retrospectively applied from the beginning of the earliest period presented (1 July 2009) and the group has not entered into any debt for equity swaps since that date.

6) AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The amendment to AASB 107 explicitly states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities.

The amendment to AASB 136 clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes

7) AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139)

The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes:

- Measurement of non controlling interests
- Un-replaced and voluntarily replaced share based payment awards
- Transaction requirements for contingent consideration from a business combination that occurred before the effective date of the revised AASB 3 (2008)
- Transaction required for amendments arising as a result of AASB 127 Consolidated and Separate Financial Statements

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

8) AASB 2010-4 Further Amendments to Australian Accounting Standards Arising from the Annual Improvements Project (AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13)

The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes:

- Accounting policy changes in the year of adoption
- Revaluation basis as deemed cost
- Use of deemed cost for operations subject to rate regulation
- Clarification of disclosures
- Clarification of statement of changes in equity
- Significant events and transactions
- Fair value of award credits

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, and other price risks, and aging analysis for credit risk.

Risk management is carried out by the Board of Directors.

a. Market Risk

i) Foreign exchange risk

The Group operates internationally and is therefore, exposed to foreign exchange risk arising from foreign currency exposures, exclusively US dollars. This is limited to returns from assets which have been sold. All carrying amounts are in Australian Dollars so there is no day to day exposure to foreign exchange risk.

(ii) Price Risk

The Group does not currently produce oil and gas and therefore, are not exposed to oil and gas price risk. The Group does hold equity securities and is therefore exposed to equity securities price risk. These assets are classified as available for sale assets on the statement of financial position.

The majority of the Group's equity investments are publicly traded on the Australian Stock Exchange. There is no set policy for the makeup of the Group's portfolio.

At 30 June 2010, based on the assumption that short term movement the equity indexes have increased/decreased by 8%(2009 – increased by 7.5%/decreased by 4%) with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index, then the impact on components of equity would have increased by $82,508 or decreased by $82,500 (2009:$1,452 or decreased by $968).

(iii) Cash flow and fair value interest rate risk

Interest rate risk arises from both short and long-term bank deposits as well as from interest bearing loans to other entities. Deposits held at variable rates expose the Group to cash flow interest rate risk. Deposits held at fixed rates expose the Group to fair value interest rate risk. During 2009 and 2010, the Group deposits were held at variable rate. The interest bearing loans had fixed interest rates which limits the Group's exposure to the timings of payments only.

At 30 June 2010, if interest rates had changed by -/+ 10%, based on a 7 year average of rate fluctuations, from the year-end rates with all other variables held constant, post-tax loss for the year would have been $ 42,500 lower/higher (2009: $43,499 lower/higher), mainly as a result of lower/higher interest income.

b. Credit Risk

The Group's significant concentration of credit risk is with its loans to other entities and investments in convertible note. Further credit risk relates to the credit rating of the Group's Bank. The Group banks with the National Australia Bank which has an "AA" S&P Credit Rating. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The credit quality of financial assets that are neither due nor impaired is desired by reference to historical credit behavior of each counter party. The maximum exposure to credit risk is the financial assets (note 7,8,13 and 15) disclosed on statement of financial position.

c. Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of cash facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed cash facilities available or the establishment of credit facilities if required with a variety of counterparties. The Group has no material risk to liquidity risk at 30 June 2010 and 30 June 2009. All payables are due within 60 days.

d. Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments and/or the inhabitant value of the financial assets where in active trading market exists (note 15).

e. Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern. Where possible they seek to optimise the use of longer term debt and to minimise additional equity capital, to avoid unnecessary shareholder dilution. Refer to note 1(a) for further information on working capital arrangements.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group had no material debt during the year ended 30 June 2010 or for the period ended 30 June 2009.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment

The Group tests annually whether oil and gas properties have suffered any impairment, in accordance with the accounting policy stated in note 1 (l). The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Some of these assumptions may be amended in the future and this may lead to the subsequent impairment of the assets concerned. The main assumptions used are:

- Longevity of tenure over the area of interest;
- Future planned expenditure in the area of interest; and
- Continued exploration in the area of interest.

(ii) Fair Value of Securities

- Convertible Preference Shares

The assessed fair value at grant date of CPS's granted during the 2009 period was independently determined using a Black-Scholes pricing model that takes into account the exercise price, the term of the CPS, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the CPS, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Since issue the estimated full value of CPS is amortised to the Statement of comprehensive income with profit and loss by assuming the probability of conversion equal to the percentage production achieved. Should conversion quotas not be achieved however, these amounts will be written back to the Statement of comprehensive income.

No CPS's were granted in 2010.

(iii) Exploration expenditure

Expenditure and development expenditure that does not form part of the cash generating units assessed for impairment has been carried forward on the basis that exploration and evaluation activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing. In the event that significant operations cease and/or economically recoverable reserves are not assessed as being present, this expenditure will be expensed to the Statement of comprehensive income.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(iv) Recoverability of loans

The Group has certain loans to related parties, see notes 13 and 24(c) for information relating to these loans. For all material loans the agreements have been made on normal business terms and have been secured by a fixed and floating charge over the assets of the respective mortgagees.

Should the related parties not be able to continue as going concerns, there exists a material uncertainty as to whether the respective companies will be able to repay the outstanding debts (Kilgore Oil and Gas Limited - $782,881 and Advance Energy Limited - $1,600,000) in accordance with the terms of the loan agreements and therefore whether the Group will recover the loans at the amounts stated in the financial report.

(v) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency). The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

(vi) Estimated recoverable amount of oil and gas properties

Reserve estimates

Estimates of recoverable quantities of proven, probable and possible reserves reported include judgemental assumptions regarding commodity prices, exchange rates, discount rates and production and transportation costs for future cash flows. It also requires interpretation of complex and difficult geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs, and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact asset carrying values and the recognition of deferred tax assets due to changes in expected future cash flows. Reserves are integral to the amount of amortisation charged to the statement of comprehensive income. The Group uses suitably qualified persons to prepare an annual evaluation of proven hydrocarbon reserves compliant with US professional standards for petroleum engineers.

Because the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect Advance Energy's financial results and financial position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in estimated future cash flows.
- Depreciation and amortisation charges in the statement of comprehensive income may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change.
- The carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of tax benefits.

4. SEGMENT REPORTING

Management has determined the operating segments based on reports reviewed by the board of directors that are used to make strategic decisions. The board of directors considers the business from a geographic perspective and have identified the below reportable segments:

Geographical segment	2010 (AU$)			2009 (AU$)		
	USA	Australia	Consolidated	USA	Australia	Consolidated
Revenues from continuing operations	-	(836,839)	(836,839)	-	(1,922,119)	(1,922,119)
Segment result (loss)	-	(2,286,168)	(2,286,168)	-	(4,183,172)	(4,183,172)
Depreciation	-	2,062	2,062	-	2,148	2,148
Impairment	-	1,403,154	1,403,154	-	4,567,951	4,567,951
Total segment assets	2,557,143	5,402,422	7,959,566	2,386,282	7,364,299	9,750,581
Total segment liabilities	-	(235,607)	(235,607)	-	(190,777)	(190,777)

1) Revenue from continuing operations

Segment revenue reconciles to total revenue from the continuing operations as follow:

	GROUP	
	2010	**2009**
	$	**$**
Total segment revenue	(836,839)	(1,922,119)
Intersegment eliminations- intercompany loan interest	-	-
Total revenue from continuing operations (Note 5)	(836,839)	(1,922,119)

2) Segment results

Segment result reconciles to total comprehensive income as follows:

	GROUP	
	2010	2009
	$	$
Total segment result	(2,286,168)	(4,183,172)
Intersegment eliminations	-	-
Total comprehensive income for the year	(2,286,168)	(4,183,172)

3) Segment assets

The amounts provided to the board with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Reportable segments' assets are reconciled to total assets as follows:

	GROUP	
	2010	2009
	$	$
Total segment assets	7,959,566	9,750,581
Intersegment eliminations	-	-
Total assets	7,959,566	9,750,581

4) Segment liabilities

The amounts provided to the board with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment and the physical location of the asset.

Reportable segments' liabilities are reconciled to total assets as follows:

	GROUP	
	2010	2009
	$	$
Total segment liabilities	(235,607)	(190,777)
Intersegment eliminations	-	-
Total liabilities	(235,607)	(190,777)

5. REVENUE AND EXPENSES

	Group	
	2010	2009
	A$	A$
Revenue		
Interest	424,674	434,990
Profit on Sale of shares	412,165	1,487,128
	836,839	**1,922,118**
Expenses		
Impairment of assets	**1,403,154**	**4,567,951**
Reconciled as follows:		
Borrowings/Receivables		
AAG Management Pty Ltd	130,000	-
GBU Capital Pty Ltd	77,500	-
Blaze Assets Pty Ltd	338,029	-
Hibernia Resources	75,568	-
	621,097	-
Investment		
Impairment for available for sale assets	782,057	-
Exploration expenses	-	4,567,951
	1,403,154	**4,567,951**

6. INCOME TAX

Income tax recognised in profit or loss	Group	
	2010	2009
	A$	A$
Tax expense/(income) comprises:		
Current tax expense/(income) in respect of the current year	-	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
Total tax expense/(income)	-	-

The prima facie income tax expense/(income) on pre-tax accounting loss from operations reconciles to the income tax expense/(income) in the financial statements as follows:

	Group	
	2010	2009
	A$	A$
Loss before tax	(2,286,168)	(4,183,172)
Income tax expense/(income) calculated at 30%	(685,850)	(1,254,951)
Effect of expenses that are not deductible in determining taxable profit	434,166	1,385,068
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	330,394	26,050
Other	(78,710)	(156,167)
	-	-

The tax rate used for the 2010 and 2009 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

Unrecognised deferred tax balances

	Group	
	2010	2009
	A$	A$
Deferred tax assets/(liabilities) recognised and un-recognised:		
Tax losses:		
Tax losses – revenue	2,215,714	1,885,321
Temporary differences:		
Capitalised exploration and evaluation costs	(51,258)	(51,258)
Write down of investments	506,984	45,371
Other	28,848	-
Un-recognised deferred tax assets	2,700,288	1,879,434

Net deferred tax assets have not been brought to account as it is not probable that immediate future profits will be available against which deductible temporary differences and tax losses can be utilised.

Tax consolidation

Relevance of tax consolidation to the Group

The parent entity and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 25 September 2007 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Odin Energy Ltd. The members of the tax-consolidated group are identified at note 23.

Tax consolidation legislation is discussed in Note 1.

7. CASH AND CASH EQUIVALENTS

	Group	
	2010	2009
	A$	A$
Cash at bank	1,480,663	2,207,212
Term deposit at bank	230,000	-
	1,710,663	**2,207,212**

Cash at bank earned a floating rate of interest of between 0.01% and 4.50% (2009: between 6.9% and 7.1%).

The Group's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

8. TRADE AND OTHER RECEIVABLES

	Group	
	2010	2009
	A$	A$
Current		
Trade receivables	38,000	187,512
Allowance for impairment of receivables	-	-
	38,000	187,512
Other		
Related party receivables	220,000	100,000
Prepayments	18,375	-
	238,375	100,000
	276,375	287,512

Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of the repayment exceed six months. Collateral is not normally obtained. The amounts held for the Group relate to shares held in trust which have subsequently been repaid at the date of this Report.

During the year $130,000 of the loan to AAG Management Pty Ltd of $260,000 has been written down on an asset deficiency basis.

Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amounts are assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 2 for more information on the risk management policy of the Group.

9. EXPLORATION & EVALUATION COSTS

	Group	
	2010	2009
	A$	A$
Non-Current		
Exploration, evaluation and development costs carried forward		
in respect of areas of interest in exploration and evaluation phases	-	170,861
Reconciled as follows:		
Opening balance	170,861	4,476,222
Expenditure during the period	-	262,590
Transfer to oil and gas properties (Note 14)	(170,861)	-
Write offs	-	(4,567,951)
Closing Balance	-	170,861

The ultimate recoupment of these costs is dependent on successful development and commercial exploitation, or alternatively, the sale of the respective areas. The expenditure carried forward has been transferred to oil and gas properties (note 14) as the assets are now flowing and will be subject to depletion/depreciation in subsequent years.

10. PROPERTY, PLANT AND EQUIPMENT

	Group	
	2010	2009
	A$	A$
Plant and equipment – cost	6,864	6,864
Less accumulated depreciation	(5,712)	(3,650)
	1,152	3,214
Movements in carrying amounts are reconciled as follows:		
Balance at the beginning of period	3,214	2,712
Additions	-	2,650
Disposals	-	-
Depreciation expense	(2,062)	(2,148)
	1,152	3,214

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As at 30 June 2010, the investment in the associate is not brought to account, as the Company's shares of losses exceeds it interest in the associate and as such these further losses are not recognised.

Summarised financial information

The following table illustrates summarised financial information relating to the Group's joint venture:

	Consolidated	
Extract from the joint venture's balance sheet:	2010 A$	2009 A$
Current assets	136,702	70,305
Non-current assets	-	-
	136,702	70,305
Current liabilities	-	65,852
Non-Current liabilities	607,339	161,500
	607,339	227,352
Net liabilities	(470,637)	(157,047)
Share of joint venture's net liabilities	(235,318)	(78,524)

12. AVAILABLE FOR SALE FINANCIAL ASSETS

	Group	
	2010 A$	2009 A$
Listed Securities		
Equity securities	1,031,352	624,877
	1,031,352	624,877

Financial assets value of $782,057 has been written off because of an active trading market.

Investments in related parties:

Refer to note 24 for information on the carrying amount of investments in subsidiaries, joint ventures and associates.

All available for sale assets are denominated in Australian currency. For an analysis of the sensitivity of available for sale financial assets to price and interest rate risk refer to note 2.

13. INTEREST BEARING LOANS

	Group	
	2010 A$	2009 A$
Loans to related parties (Note 24)	782,881	3,833,885
	782,881	3,833,885

The interest rate for these loans is between nil and 15%.

(a) Impaired receivables

During the year following loan has been written down:

- The loan to Blaze Assets Pty Ltd of $338,029 has been written down in full on an asset deficiency basis.
- The loan to GBU Capital Pty Ltd $77,500 has been written down in full on an asset deficiency basis.

The behavior of the impaired receivables is expected to be recoverable as there has been no recent history of default.

(b) Fair values

The carrying values of the current receivables approximate their fair value.

(c) Risk exposure

Information about the Group's exposure to credit risk, foreign exchange and interest risk is provided in note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

(d) Kilgore Oil and Gas Ltd

The company has provided loan facility to Kilgore Oil and Gas Limited ("Kilgore"). This secured facility will be repaid from Kilgore's future production revenues and earned interest at the rate of 15% per annum until 22nd June 2010. Subsequent to this date the applicable interest rate is 12%. There is no intention to recall this facility earlier than 30 June 2011. The repayment of this loan is dependent upon their ability to continue on a going concern basis. See further comment in note 24 (c).

14. OIL & GAS PROPERTIES

	Group	
	2010	2009
	A$	A$
Oil & gas exploration	2,557,143	2,386,282
	2,557,143	2,386,282
Movements in carrying amounts are reconciled as follows:		
Balance at the beginning of period	2,386,282	-
Additions (Note 9)	170,861	2,386,282
Disposals	-	-
Amortisation expense	-	-
	2,557,143	2,386,282

The ultimate recoupment of exploration expenditure carried forward is dependent on successful development and exploration, or alternatively sale of the respective area of interest.

15. OTHER FINANCIAL ASSETS

	Group	
	2010	2009
	A$	A$
Non-Current		
Receivable	75,567	75,567
Investment in convertible notes*	1,600,000	-
Impairment of assets	(75,567)	-
	1,600,000	75,567

The loan to Hibernia Resources $75,567 has been written down in full on an asset deficiency basis.

*During the year, $1.6mil was invested in Advance Energy Ltd by way of a listed convertible note earning interest at 9.5% p.a. The repayment of this convertible note is dependent upon their ability to continue on a going concern basis. See further comment in note 24 (c).

16. TRADE AND OTHER PAYABLES

	Group	
	2010	2009
	A$	A$
Trade creditors	121,071	101,933
Accruals	114,536	25,649
	235,607	127,582

Details of the Group's exposure to risks arising from current borrowings are set out in note 2.

All amounts are expected to be repaid within 12 months.

17. PROVISIONS

In 2009, the Group created a provision for its share of the offered price for each share in Target Energy Ltd as per the Joint Venture agreement with Advance Energy Ltd. The provision is recognised as a loan to Blaze Asset Pty Ltd. The amount of the provision was used during July 2009.

	Group	
	2010 A$	2009 A$
Balance at beginning of period	63,195	-
Provisions added – joint venture	-	63,195
Amounts used during period	(63,195)	-
Unused amounts reversed in period	-	-
Provisions at balance date	-	63,195

18. CONTRIBUTED EQUITY

Movement in ordinary fully paid shares on issue

		2010		2009	
	Date	Number of shares	$	Number of shares	$
Opening balance		107,730,005	13,934,983	107,730,005	13,912,983
Conversion of 3,500 CPS	14/04/2010	3,500,000	-	-	-
Rights issue entitlements	28/05/2010	55,460,029	554,600	-	-
Rights issue shortfall shares	28/05/2010	3,570,000	35,700	-	-
Rights issue shortfall shares	16/06/2010	2,400,000	24,000	-	-
Transaction costs on share issues		-	(22,000)	-	-
Refund of capital raising costs		-	-	-	22,000
Closing balance		172,660,037	14,527,283	107,730,005	13,934,983

- Effective 1 July 1998 the Corporations Legislation in place abolished the concepts of authorised capital and par value of shares. Accordingly the Parent does not have authorised capital or par value in respect of issued shares.
- Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.
- At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Options

No options have been issued or exercised in 2009 and 2010.

Expiry Date	Exercise Price	Number at beginning of year	Issued	Number at end of year
30 November 2012	$0.25	105,364,999	-	106,364,999
31 December 2012	$0.25	1,000,000	-	1,000,000
30 December 2012	$0.50	1,000,000	-	1,000,000
		107,364,999	-	107,364,999

For further information regarding the above listed options please refer to the Company's prospectus dated 26 September 2007

Converting Preference Shares

All convertible preference shares were issued during the period ended 30 June 2007.
The movements in Converting Preference Shares during the period were as follows:

2010

Class	Number at beginning of year	Issued	Converted into ordinary shares	Number at end of year
CPS - A	-	-	-	-
CPS - B	3,500	-	(3,500)	-
CPS - C	3,500	-	-	3,500
CPS - D3,500	3,500	-	-	3,500
	10,500	-	(3,500)	7,000

2009

Class	Number at beginning of year	Issued	Converted into ordinary shares	Number at end of year
CPS - A	-	-	-	-
CPS - B	3,500	-	-	3,500
CPS - C	3,500	-	-	3,500
CPS - D3,500	3,500	-	-	3,500
	10,500	-	-	10,500

Each Converting Preference Share (CPS) converts into 1,000 ordinary shares as follows:
CPS-A – upon the Company's shares being listed on the main Board of the ASX; these were converted into ordinary shares on date of listing, being 5 September 2007.
CPS-B – upon completion of the first well in which the Company participates.
CPS-C – upon the Company proving up reserves of 2 Bcfe.
CPS-D – upon the Company proving up reserves of 4 Bcfe.

19. RESERVES

	Group	
	2010	2009
	A$	A$
Option reserve (1)	1,053,650	1,053,650
	1,053,650	1,053,650

There were no options issued during the year.

	Group	
	2010	2009
	A$	A$
Available for sale reserve (2)	-	141,977
	-	141,977
(1) Available for sale reserve		
Opening balance	141,977	-
Fair value adjustment of assets during period	(141,977)	141,977
	-	141,977

	Group	
	2010	2009
	A$	A$
Share based payment reserve (3)	311,488	311,488
	311,488	311,488
There were no share based payments during the year.		
Total Reserves	1,365,138	1,507,115

Nature and purpose of reserves

(1) Option reserve

The option reserve represents the cash from the options raised during the period.

(2) Available for sale reserve

The available for sale reserve represents the adjustment of the fair value of assets available for sale during the period.

(3) Share based payment reserve

The share based payment reserve is used to recognise the fair value of options issued but not exercised.

20. ACCUMULATED LOSSES

	Group	
	2010 A$	2009 A$
Accumulated losses at the beginning of the year	(5,882,294)	(1,886,007)
Net loss attributable to the members of the parent entity	(2,286,168)	(4,183,170)
Change of equity due to the change in interest of associate	-	186,884
Accumulated losses at the end of the financial year	(8,168,462)	(5,882,294)

21. EARNINGS PER SHARE

	Group	
	2010 A$	2009 A$
Reconciliation of earnings to net loss		
Net loss	(2,286,168)	(4,183,172)
Earnings/(loss) used in the calculation of basic and dilutive EPS	(2,286,168)	(4,183,172)
	Number	Number
Weighted average number of ordinary shares outstanding during the period used in calculation of basic and dilutive EPS	113,916,556	107,730,005
	(2.01)	(3.88)

Details of the shares issued are included under note 18. Dilutive EPS is not reflected as it would result in the reduction of the loss per share.

22. CASH FLOW INFORMATION

Reconciliation of cash flow from operations with loss from continuing operations after income tax

	Group	
	2010 A$	2009 A$
Loss after income tax	(2,286,168)	(4,183,172)
Profit from sale of shares	(412,165)	(1,487,128)
Interest income in investing activities	-	-
Non cash flows in loss for the year		
Depreciation	2,062	2,148
Loss from equity accounted entities	-	78,525
Capital raising costs	-	22,001
Impairment	1,403,154	4,476,222
Changes in assets and liabilities		
Increase/(decrease) in trade creditors and accruals	44,830	57,171
(Increase)/decrease in trade and other receivables	86,704	150,958
Cash flows from (used in) operations	(1,161,583)	883,275

23. SUBSIDIARIES

The Company has the following Subsidiary at all times during the year.

Name of Subsidiary	Place of Incorporation	Percentage held 2010 and 2009
Glory Run Pty Ltd	Perth WA	100%

Glory Run Pty Ltd was incorporated on 25 September 2007 with initial issued capital of $1.

There were no other movements in subsidiaries during the current year.

24. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

During the year Odin exchanged $160,000 worth of Advance shares from the prepaid consultancy services which was prepaid to Advance in the previous period. The balance of the prepaid US consulting services is intended to be used during the coming financial year from Advance's wholly owned subsidiary, Advance Exploration and Production, Inc. As at 30 June 2010 this has been disclosed under Trade and Other Receivables.

Details of consulting fees paid to Directors or their related entities, including amounts accrued but unpaid at the end of the year are as follows:

Specified Director/Officer	Transaction	Note	30 June 2010 $	30 June 2009 $
Alex Bajada	Consulting fees	(i)	150,000	150,000
Anthony Short (resigned 23 Feb 2009)	Consulting fees	(ii)	-	100,000
Andrew Dimsey	Consulting fees	(iii)	242,804	250,000
Robert Hyndes	Consulting fees	(iv)	13,548	-
Roland Berzins	Consulting fees	(v)	97,178	37,778
David Ballantyne	Consulting fees	(vi)	42,439	71,125

(i) The Company used the management consulting services of Spartan Nominees Pty Ltd, a Company of which Mr Alex Bajada is a director.

(ii) The Company used the consulting services of Cumberland Investments (WA) Pty Ltd, a Company of which Mr Anthony Short is a director. Mr Short resigned on 23/02/2009.

(iii) The Company used the consulting services of Phoenix Mining Services Pty Ltd, a Company of which Mr Andrew Dimsey is a director. Mr Dimsey resigned on 18/12/2009. After this date he continued providing consulting services for which $105,363 has been charged.

(iv) The Company used the consulting services of Splendour Investments Pty Ltd, a company of which Mr Hyndes is a director.

(v) The Company used the consulting services of Mr Roland Berzins.

(vi) The Company used the consultancy services of Sandgroper Pty Ltd, a Company of which Mr David Ballantyne is a director.

Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

AAG Management Pty Ltd is a management company which provides facilities, human resources, and other administration and consulting services. AAG Management is a related party because David Ballantyne, a non executive director of Odin Energy Ltd was the sole director and shareholder of AAG Management during the year. Effective 1 July AAG Management was acquired by GBU Capital and Mr Ballantyne is no longer a director. No interest is charged on this facility.

During the year following expenses are reimbursed by Odin Energy Ltd to AAG Management for Director or consultants travel and other administrative expenses:

Directors/Consultants	Reimbursement for Travel and accommodation
Mr. A Short	$147,877
Mr. G Sklenka	$66,262
Mr. A Bajada	$23,990
Mr. D Ballantyne	$786
Total	$238,915

	Reimbursement for other administrative expenses
AAG Management Pty Ltd	$289,939

In 2009, AAG Management Pty Ltd has charged $355,523 for travel and administrative services.

(b) Wholly owned group transactions

On 25 September 2007 Odin Energy Ltd incorporated Glory Run Pty Ltd as a wholly owned subsidiary. At 30 June 2010 Odin has no amount owed to Glory Run (2009:$976,304).

(c) During the period the following amounts were outstanding to Odin Energy Ltd from related parties.

Entity	30 June 2010	30 June 2009	Relationship
GBU Capital Pty Ltd	-	$ 65,000	GBU Capital Pty Ltd is a marketing Company which provides consulting services. Alex Bajada is a director of GBU Capital Pty Ltd. No interest is payable and there is no current intent to call the loan. During the year the balance of $77,500 was impaired.
Kilgore Oil and Gas Ltd			Anthony Short, a former director of Odin Energy Ltd, is a director of Kilgore Oil and Gas Limited ("Kilgore"). This secured facility will be repaid from Kilgore's future production revenues and currently earns interest at the rate of 15% per annum, with a repayment date of 30 June 2011. The balance owing by Kilgore Oil and Gas Limited is fully secured by a fixed and floating charge. 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 the respective companies will be able to repay all of the outstanding amounts in accordance with the terms of the loan agreements.
Interest bearing loans	$782,880	$1,768,885	
Advance Energy Ltd			Anthony Short is a Director of Advance Energy Limited ("Advance"). Alex Bajada was a director of Advance until 21 June 2010. This was a secured facility and earnt interest at the rate of 12% per annum. During the year $1,600,000 was invested in to Advance listed convertible notes earning interest at 9.5% and $400,000 was repaid.Tthe repayment of these convertible notes 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 the respective companies will be able to repay all of the outstanding amounts in accordance with the terms of the convertible notes agreement.
Interest bearing loans	-	$2,000,000	
Investment in convertible notes	$1,600,000	-	
Other receivables	$90,000	$90,000	
AAG Management Pty Ltd			AAG Management Pty Ltd is a management company which provides facilities, human resources, and other administration and consulting services. AAG Management is a related party because David Ballantyne, the non executive director of Odin Energy Ltd is the sole director and shareholder of AAG Management. No interest is charged on this facility. During the year $130,000 was impaired.
	$130,000	$60,000	
	$2,602,880	$3,983,885	

(d) Share and option holdings

The interests of the Directors in shares, Convertible Preference Shares ("CPS") and options of the Company as at 30 June 2010 were as disclosed in note 25 (c)

(e) Shares in other entities

The Group held shares in Red Sky Energy Limited. Mr Berzins is a director of Red Sky Energy Limited.
The Group holds shares in Vector Resources Limited. Mr Berzins and Mr Bajada are former Directors of Vector Resources Limited.
The Group holds shares in Advance Energy Limited and Mr Bajada is a former director of Advance Energy Limited.

(f) Loans to/from related party

Loans from/to -2010	GBU Capital Pty Ltd	Advance Energy Ltd	Kilgore Oil and Gas Ltd	Blaze Assets Pty Ltd	AAG Management Pty Ltd
Beginning of the year	65,000	2,000,000	1,752,739	239,695	60,000
Loans/purchases	12,500	-	790,000	161,529	200,000
Loan/Interest repayments	-	(2,093,846)	(1,975,000)	(63,195)	-
Interest charged	-	93,846	215,142	-	-
Impairment of loans	(77,500)	-	-	(338,029)	(130,000)
End of the year	-	-	782,880	-	130,000
Loans from/to -2009	**GBU Capital Pty Ltd**	**Advance Energy Ltd**	**Kilgore Oil and Gas Ltd**	**Blaze Assets Pty Ltd**	**AAG Management Pty Ltd**
Beginning of the year	-	-	-	-	-
Loans/purchases/bond	65,000	2,000,000	1,778,885	239,695	60,000
Loan/Interest repayments	-	(186,919)	(97,832)	-	-
Interest charged	-	186,919	71,686	-	-
End of the year	65,000	2,000,000	1,752,739	239,695	60,000

25. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Names and positions of key management personnel at any time during the financial period are:

Mr A Bajada	-	Non-Executive Chairman
Mr A Dimsey	-	Managing Director (Resigned 18 December 2009)
Mr R Hyndes	-	Non-Executive Director (Appointed 18 December 2009 – Resigned 15 June 2010)
Mr R Berzins	-	Non-Executive Director
Mr D Ballantyne	-	Non-Executive Director (Appointed 15 June 2010)

(b) Key management personnel remuneration:

	30 June 2010 $	30 June 2009 $
Short-term employee benefits	440,606	642,233
Bonus	-	-
Post employment benefits	105,363	-
Equity performance related	-	-
	545,969	642,233

(c) Equity instrument disclosures relating to key management personnel.

Ordinary Shares

Holder		Held at beginning of period	Acquired	Sold	Converted CPS	Balance at end of period
Alex Bajada	2010	5,555,001	6,429,999	-	875,000	12,860,000
	2009	5,555,001	-	-	-	5,555,001
Andrew Dimsey	2010	2,500,000	-	-	500,000	3,000,000
	2009	2,500,000	-	-	-	2,500,000
Roland Berzins	2010	-	-	-	-	-
	2009	-	-	-	-	-
Robert Hyndes	2010	-	-	-	-	-
	2009	-	-	-	-	-
David Ballantyne	2010	100,000	1,100,000	-	-	1,200,000
	2009	100,000	-	-	-	100,000

Converting Performance shares (CPS)

Holder		Held at beginning of period	Acquired	Sold	Converted CPS	Balance at end of period
Alex Bajada	2010	2,625	-	-	875	1,750
	2009	2,625	-	-	-	2,625
Andrew Dimsey	2010	1,500	-	-	500	1,000
	2009	1,500	-	-	-	1,500
Roland Berzins	2010	-	-	-	-	-
	2009	-	-	-	-	-
Robert Hyndes	2010	-	-	-	-	-
	2009	-	-	-	-	-
David Ballantyne	2010	-	-	-	-	-
	2009	-	-	-	-	-

Options Issued

Holder		Held at beginning of period	Acquired	Sold	Converted CPS	Balance at end of period
Alex Bajada	2010	2,687,500	-	-	-	2,687,500
	2009	2,687,500	-	-	-	2,687,500
Andrew Dimsey	2010	1,250,000	-	-	-	1,250,000
	2009	1,250,000	-	-	-	1,250,000
Roland Berzins	2010	-	-	-	-	-
	2009	-	-	-	-	-
Robert Hyndes	2010	-	-	-	-	-
	2009	-	-	-	-	-
David Ballantyne	2010	-	-	-	-	-
	2009	-	-	-	-	-

(d) Loans to Key Management Personnel

There were no loans to or from Key Management Personnel during the year.

26. REMUNERATION OF AUDITORS

	Group	
	2010	**2009**
	A$	**A$**
Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for:		
Audit and audit review services of the financial reports	42,000	44,786
Other services – Taxation Compliance Services	-	13,330
– Other – Corporate Services		-
	42,000	58,116

27. COMMITMENTS

There are no commitments (2009: Nil)

28. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

Subsequent to 30 June 2010 16,500,000 ordinary fully paid shares were placed at $0.01 each raising $165,000 before costs.

29. CONTINGENT ASSET

At the end of the period the Company was still involved in legal action against Blue Energy Ltd. A former farmin agreement was made under a Heads of Agreement dated 8 August 2006, an Amending Heads of Agreement dated 30 April 2007 and a Farm-in Agreement for Spinel Block of Petroleum Exploration Licence 106 dated 17 May 2007. The Company was to earn a 25% WI in the Spinel 3D area by paying for the acquisition of the Spinel 3D survey and 50% of the drilling of four wells. The Company believes that there has been a breach of contract under the agreement. During the second half of the year the parties entered a mediation process which was terminated subsequent to the end of the year without resolution. At the date of this report there has been no settlement and the Company continues to pursue Blue Energy Ltd for $4.5 million plus interest and costs.

Odin has a 50% interest in the Galveston 307 gas project with Kilgore Oil and Gas Ltd (“Kilgore”) having invested approximately $2.5 million into it to date. The Company has been guaranteed a minimum return, from cash flows and ultimate sale of the project, of $3.25 million by Kilgore. At 30 June 2010 the Company doesn’t believe it is possible to say whether the return is certain and thus hasn’t brought a potential future revenue/asset to account for this reason.

30. SHARE BASED PAYMENTS

During the year there were no share based payment issued (2009:Nil).

31. PARENT ENTITY INFORMATION

The ultimate holding Company of the group, Odin Energy Ltd (the “Parent”) has not been reported in these financial statements other than the followings, pursuant to changes to the corporation act 2001;

	Parent Entity	
	2010	2009
	A$	A$
Current Assets	2,789,322	6,607,037
Non Current Assets	4,158,295	2,635,924
Total Assets	6,947,616	9,242,961
Current Liabilities	329,567	1,172,139
Non Current Liabilities	-	78,525
Total Liabilities	329,567	1,250,664
Issued Capital	14,527,282	13,934,982
Accumulated Losses	(9,274,371)	(7,307,823)
Reserve	1,365,138	1,365,138
Total Equity	(6,618,049)	7,992,299
Loss for the Year	(1,966,548)	(4,183,172)
Total Comprehensive income for the year	(1,966,548)	(4,183,172)

32. DIVIDENDS

There were no dividends paid or payable in respect of the current or previous financial period.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1) The financial statements and notes, as set out on pages 17 to 48, are in accordance with the Corporations Act 2001 and:
    a) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
    b) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the period ended on that date of the Company and Group;

2) The Directors have declared that:
    a) the financial records of the Company for the financial period have been properly maintained in accordance with section 286 of the Corporations Act 2001
    b) the financial statements and notes for the financial period comply with the Accounting Standards; and
    c) the financial statements and notes for the financial period give a true and fair view.

3) The remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2010, comply with section 300A of the Corporations Act 2001.

4) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

5) The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board

This declaration is made in accordance with a resolution of the Board of Directors.

Alex Bajada
Chairman

West Perth, Western Australia
30th September 2010

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

Report on the Financial Report

We have audited the accompanying financial report of Odin Energy Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the 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 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, 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 report was made.

Auditor's Opinion

In our opinion:

(a) the financial report of Odin Energy Limited is in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(a) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Significant uncertainty regarding the recoverability of loans

Without qualification to our opinion expressed above, attention is drawn to the matters detailed in Note 13 and Note 15 of the financial report. The most recent financial statements of Kilgore Oil and Gas Limited and Advance Energy Limited include in their audit opinions, a material uncertainty regarding the respective companies 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 either of the companies not be able to continue as going concerns, there exists a significant uncertainty as to whether the respective companies will be able to repay the outstanding debts (Kilgore Oil and Gas Limited - $782,881 and Advance Energy Limited - $1,600,000 and $90,000) in accordance with the terms of the loan agreements and therefore whether Odin Energy Limited will recover the loans at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Odin Energy Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO
Glyn O'Brien

Glyn O'Brien
Director

Perth, Western Australia
Dated this 30th day of September 2010

ADDITIONAL SHAREHOLDER INFORMATION

TWENTY LARGEST SHAREHOLDERS

Rank	Name	Units	% of Units
1	FAY HOLDINGS PTY LTD	16,500,000	8.72
2	FORMAINE PTY LTD	16,500,000	8.72
3	SPARTAN NOMINEES PTY LTD <SPARTAN NOMINEES SUPER FUND>	12,500,000	6.61
4	BEACHCRAFT PTY LTD	8,978,000	4.75
5	VIGON PTY LTD <GEORGIOPOULOS FAMILY SF A/C>	5,103,712	2.7
6	SHORT NOMINEES PTY LTD	5,000,000	2.64
7	NEWMEK INVESTMENTS PTY LIMITED	5,000,000	2.64
8	MR SIMON ROBERT EVANS + MRS KATHRYN MARGARET EVANS <KAMIYACHO SUPER FUND A/C>	4,254,999	2.25
9	GOLD WELLS PTY LTD	4,000,000	2.11
10	ACCORD INVESTMENT CORPORATION PTY LTD	3,750,000	1.98
11	MR KONG HOCK TAN + MRS MARY MENG MAY ANG	3,083,904	1.63
12	ANDREW DIMSEY	3,000,000	1.59
13	MR PAUL BALSARINI + MRS ANNETTE BALSARINI <A & K MERC P/L PROVIDENT A/C>	2,800,000	1.48
14	MR SIMON WILLIAM TRITTON	2,580,000	1.36
15	GOLDBOND SUPER PTY LTD <GOLDBOND SUPER A/C>	2,400,000	1.27
16	RUSSO HOLDINGS (AUST) PTY LTD	2,400,000	1.27
17	FORMAINE PTY LTD	2,200,000	1.16
18	PURE DAWN PTY LTD	2,099,675	1.11
19	EDENTOWER PTY LTD <A SCARFO FAMILY A/C>	2,000,000	1.06
20	ASPERMONT LIMITED	2,000,000	1.06
Totals: Top 20 holders of ODN ORDINARY FULLY PAID		**106,150,290**	**56.12**
Total Remaining Holders Balance		**83,009,744**	**43.88**
Total Holders Balance		**189,160,034**	**100**

Distribution schedule of the number of holders in each class of equity security.

Range	Holders	Units	Percentage
1 - 1,000	21	1,480	0.00%
1,001 - 5,000	9	30,200	0.02%
5,001 - 10,000	75	644,914	0.34%
10,001 - 100,000	344	14,514,470	7.67%
> 100,000	179	173,968,970	91.97%
Total	628	189,160,034	100.00%

TWENTY LARGEST OPTION HOLDERS

Rank	Name	Units	% of Units
1	LINESTAR PTY LTD	7,124,617	6.76
2	MR TIMOTHY PHILLIP COLEMAN + MISS MARIA MARCINIAK	6,400,000	6.07
3	PERIZIA INVESTMENTS PTY LTD	5,046,345	4.79
4	MR GRAEME HOUGH	3,991,504	3.79
5	FAY HOLDINGS PTY LTD	3,687,500	3.5
6	JO PATOIR	3,590,000	3.41
7	MS METAXIA TSOUKATOS	3,318,000	3.15
8	GOFFACAN PTY LTD <KMM FAMILY A/C>	3,000,000	2.85
9	MR TIMOTHY PHILLIP COLEMAN + MISS MARIA MARCINIAK	3,000,000	2.85
10	SPRINGLINE PTY LTD	2,827,500	2.68
11	SPARTAN NOMINEES PTY LTD <SPARTAN NOMINEES SUPER FUND>	2,687,500	2.55
12	MRS CAROLINE HOUGH	2,495,000	2.37
13	GOFFACAN PTY LTD	2,456,000	2.33
14	ACCORD INVESTMENT CORPORATION PTY LTD <ACCORD UNIT A/C>	2,343,750	2.22
15	GOLDBONDSUPER PTY LTD <GOLDBOND SUPERFUND A/C>	2,000,000	1.9
16	GOLD WELLS PTY LTD	2,000,000	1.9
17	GOLD WELLS PTY LTD	2,000,000	1.9
18	MR NEMIR PETER BIBIC	1,900,000	1.8
19	WESTRADER HOLDINGS PTY LTD	1,863,000	1.77
20	MYSTIC GEM PTY LTD	1,836,772	1.74
Totals: Top 20 holders of ODNO OP30112012/25C		**63,567,488**	**60.33**
Total Remaining Holders Balance		**41,797,511**	**39.67**
Total Holders Balance		**105,364,999**	**100**

Range	Holders	Units	Percentage
1 - 1,000	0	0	0.00%
1,001 - 5,000	81	339,150	0.322%
5,001 - 10,000	107	929,022	0.882%
10,001 - 100,000	183	7,568,047	7.183 %
> 100,000	96	96,528,780	91.614 %
Total	467	105,364,999	100.00%

A. CORPORATE GOVERNANCE

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the reporting period is previously contained in this document in the Corporate Governance section at page 7.

B. SHAREHOLDING

1. Substantial Shareholders

The following substantial Shareholders were listed on the Company's register as at 07th October 2010:

Shareholder	Number of Shares	Percentage
FAY HOLDINGS PTY LTD	16,500,000	8.72
FORMAINE PTY LTD	16,500,000	8.72
SPARTAN NOMINEES PTY LTD <SPARTAN NOMINEES SUPER FUND>	12,500,000	6.61

2. Unquoted Securities

Names of persons holding greater than 20% of a class of unquoted securities:

Holder	Class of Equity Security	Number of Shares
Formaine Pty Ltd	Convertible preference shares	1,750
Spartan Nominees Pty Ltd	Convertible preference shares	1,750
Fay Holdings Pty Ltd	Convertible preference shares	1,750

3. Number of holders in each class of equity securities and the voting rights attached.

There are 628 holders of ordinary shares. Each shareholder is entitled to one vote per share held. On a show of hands every shareholder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

There are 15 holder of unlisted options in each class of unlisted options. There are no voting rights attached to these options.

There are 6 holders of convertible preference shares. There are no voting rights attached to these convertible preference shares.

There are 467 holders of listed options. There are no voting rights attached to these options.

By Class	Holders of Unlisted Options	Number of Options	%
1 – 1,000	0	0	0.000
1,001 - 5,000	2	6,075	0.608
5,001 – 10,000	0	0	0.000
10,001 – 100,000	7	256,421	25.642
100,001 and over	6	737,504	73.750
Totals	**15**	**1,000,000**	**100.000**

By Class	Holders of Unlisted Options	Number of Options	%
1 – 1,000	0	0	0.000
1,001 - 5,000	2	6,075	0.608
5,001 – 10,000	0	0	0.000
10,001 – 100,000	7	256,421	25.642
100,001 and over	6	737,504	73.750
Totals	**15**	**1,000,000**	**100.000**

By Class	Holders of Convertible Preference Shares	Number of Convertible Preference Shares	%
1 – 1,000	3	1,750	25.000
1,001 - 5,000	3	5,250	75.000
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and over	-	-	-
Totals	**6**	**7,000**	**100.000**

4. Marketable parcel

There are 325 Shareholders with less than a marketable parcel as at 7th October 2010.

C. OTHER DETAILS

1. **Company Secretary**
   David Ballantyne

2. **Address and telephone details of the entity's registered and administrative office**
   The address and telephone details of the registered and administrative office:
   Suite 2
   16 Ord Street
   WEST PERTH Western Australia 6005
   Telephone: +(61) 08 9486 1122
   Facsimile: +(61) 08 9486 1011

3. **Address and telephone details of the office at which a register of securities is kept**
   The address and telephone number of the office at which a registry of securities is kept:
   Advanced Share Registry Services
   150 Stirling Highway
   NEDLANDS Western Australia 6009
   Telephone: +(61) 08 9389 8033
   Facsimile: +(61) 08 9389 7871

4. **Stock exchange on which the Company's securities are quoted**
   The Company's listed equity securities are quoted on the Australian Stock Exchange.

5. **Restricted Securities**
   The Company has no restricted securities.

6. **Review of operations**
   A review of operations is included in the Directors' Report.

7. **Consistency with business objectives**
   The company has used its cash and assets in a form readily convertible to cash that it had at the time of listing in a way consistent with its stated business objectives.

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