

Odyssey Oil & Gas, Inc.
Form 10-Q
May 24, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2010

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file Number 333-106299

ODYSSEY OIL AND ENERGY, INC

(Exact name of small business issuer as specified in its charter)

ODYSSEY OIL AND GAS, INC.
(Former Name of Registrant)

FLORIDA
(State or other jurisdiction of incorporation
or organization)

65-1139235
(IRS Employer Identification No.)

18 George Avenue
Rivonia, 2128 South Africa
Address of Principal Executive Offices

+27 (11) 807-1446

(Issuer's telephone number)

Check whether the issuer: (1) filed all documents reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of the registrant's common stock, par value \$0.0001 per share, outstanding as of May 21 was 228,566,500 shares.

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FORWARD LOOKING STATEMENT

Certain statements contained in this discussion and analysis or incorporated herein by reference that are not related to historical results are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are predictive, that depend upon or refer to future events or conditions, and/or that include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates," "hopes," and similar expressions constitute forward-looking statements. In addition, any statements concerning future financial performance (including future revenues, earnings or growth rates), business strategies or prospects, or possible future actions by us are also forward-looking statements.

These forward-looking statements are based on beliefs of our management as well as current expectations, projections, assumptions and information currently available to the Company and are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or those anticipated or implied by such forward-looking statements. Should one or more of those risks or uncertainties materialize or should underlying expectations, projections and assumptions prove incorrect, actual results may vary materially from those described. Those events and uncertainties are difficult to predict accurately and many are beyond our control. We assume no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date of these statements except as specifically required by law. Accordingly, past results and trends should not be used to anticipate future results or trends.

Item 1. Financial Statements

Unaudited condensed consolidated financial statements as of the quarter ended March 31, 2010 are submitted in compliance with Rule 210.8-03 of Regulation S-X.

ODYSSEY OIL & ENERGY, INC. & SUBSIDIARIES
(F/K/A ODYSSEY OIL & GAS, INC. & SUBSIDIARIES)
(A DEVELOPMENT STAGE COMPANY)

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ODYSSEY OIL & ENERGY, INC. & SUBSIDIARIES
(F/K/A ODYSSEY OIL & GAS, INC. & SUBSIDIARIES)
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED BALANCE SHEETS

	As of March 31, 2010 (Unaudited)	As of December 31, 2009
ASSETS		
CURRENT ASSETS		
Cash	\$ 24,920	\$ 4,907
Loans receivable, net of allowance for doubtful accounts of \$594,000 and \$0, respectively	47,851	729,589
Total Current Assets	72,771	734,496
Property & Equipment, net	1,000	1,000
Loan receivable - Hylem Water (Pty) Ltd.	25,780	-
TOTAL ASSETS	\$ 99,551	\$ 735,496
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 670,559	\$ 557,842
Loans payable and accrued interest - related parties	435,119	425,030
Total Liabilities	1,105,678	982,872
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' DEFICIT		
Preferred stock, \$.0001 par value, 20,000,000 shares authorized, none issued and outstanding	-	-
Common stock, \$.0001 par value, 650,000,000 shares authorized, 228,566,500 shares issued and outstanding	22,857	22,857
Additional paid-in capital	66,476,078	66,473,078
Accumulated deficit during development stage	(67,511,125)	(66,750,595)
Accumulated other comprehensive income	6,063	7,284
Total Stockholders' Deficit	(1,006,127)	(247,376)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 99,551	\$ 735,496

See accompanying notes to unaudited condensed consolidated financial statements.

ODYSSEY OIL & ENERGY, INC. & SUBSIDIARIES
(F/K/A ODYSSEY OIL & GAS, INC. & SUBSIDIARIES)
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED)

For the Three Months Ended March 31, 2010 For the Three Months Ended March 31, 2009 For the Period from July 28, 2003 (Inception) to March 31, 2010

	For the Three Months Ended March 31, 2010	For the Three Months Ended March 31, 2009	For the Period from July 28, 2003 (Inception) to March 31, 2010
REVENUE	\$ -	\$ -	\$ 26,695
OPERATING EXPENSES			
Drilling costs and expenses	-	-	51,886
General and administrative	148,730	16,358	1,997,435
Professional fees	10,297	12,609	168,812
Amortization	-	-	33,400
Impairment of investment in oil and gas leases	-	-	247,931
Impairment of bio-fuels plant development contract	-	-	36,717,235
Total Operating Expenses	159,027	28,967	39,216,699
LOSS FROM CONTINUING OPERATIONS	(159,027)	(28,967)	(39,190,004)
OTHER INCOME (EXPENSE)			
Interest income	-	1	2,794
Interest expense	(7,503)	(6,331)	(80,773)
Total Other Income (Expense)	(7,503)	(6,330)	(77,979)
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(166,530)	(35,297)	(39,267,983)
Provision for Income Taxes	-	-	-
LOSS FROM CONTINUING OPERATIONS	(166,530)	(35,297)	(39,267,983)
GAIN ON DISPOSAL OF SUBSIDIARIES	-	-	745,118
LOSS FROM DISCONTINUED OPERATIONS	(594,000)	(504)	(32,733,852)
NET LOSS	(760,530)	(35,801)	(71,256,717)
OTHER COMPREHENSIVE INCOME			
Foreign currency translation (loss) gain	(1,221)	532	6,063
COMPREHENSIVE LOSS	\$ (761,751)	\$ (35,269)	\$ (71,250,654)
LOSS PER COMMON SHARE - BASIC AND DILUTED			
Continuing operations	\$ (0.00)	\$ (0.00)	
Discontinued operations	(0.00)	(0.00)	
	\$ (0.00)	\$ (0.00)	

Total Basic and Diluted Loss per Common Share

Weighted average number of shares outstanding during the year -		
Basic and Diluted	228,566,500	143,742,500

See accompanying notes to unaudited condensed consolidated financial statements.

ODYSSEY OIL & ENERGY, INC. & SUBSIDIARIES
(F/K/A ODYSSEY OIL & GAS, INC. & SUBSIDIARIES)
(A DEVELOPMENT STAGE COMPANY)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE PERIOD FROM MAY 28, 2003 (INCEPTION) TO MARCH 31, 2010
(UNAUDITED)

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit During Development Stage	Accumulated Other Comprehensive Income	Deferred Stock Compensation	Total
Common stock issued to founders for cash (\$.03 per share)	-	\$ -	7,500	\$ 1	\$ 249	\$ -	\$ -	\$ -	\$ 250
Common stock issued for license (\$.03 per share)	-	-	49,500,000	4,950	1,645,050	-	-	-	1,650,000
Common stock issued to officer as compensation (\$.03 per share)	-	-	21,375,000	2,138	710,362	-	-	-	712,500
Common stock issued for cash (\$.03 per share)	-	-	2,400,000	240	79,760	-	-	-	80,000
Common stock issued for cash (\$.15 per share)	-	-	833,334	83	124,917	-	-	-	125,000
Common stock issued to consultant for services (\$.03 per share)	-	-	24,600,000	2,460	817,540	-	-	-	820,000
Net loss for the period from May 28, 2003 (inception) to December 31, 2003	-	-	-	-	-	(1,737,805)	-	-	(1,737,805)
Balance, December 31, 2003	-	-	98,715,834	9,872	3,377,878	(1,737,805)	-	-	1,649,945

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Common stock issued for cash (\$0.15 per share)	-	-	2,016,693	202	302,301	-	-	-	302,503
Net loss, 2004	-	-	-	-	-	(551,203)	-	-	(551,203)
Balance, December 31, 2004	-	-	100,732,527	10,074	3,680,179	(2,289,008)	-	-	1,401,245
Common stock issued in reverse merger	-	-	33,292,500	3,329	(3,329)	-	-	-	-
Common stock issued to officer for services (\$0.01 per share)	-	-	15,000,000	1,500	148,500	-	-	-	150,000
Common stock cancelled related to license rights (\$0.01 per share)	-	-	(49,500,000)	(4,950)	(490,050)	-	-	-	(495,000)
In-kind contribution	-	-	-	-	12,000	-	-	-	12,000
Warrants issued for non-exclusive license	-	-	-	-	143,238	-	-	-	143,238
Net loss, 2005	-	-	-	-	-	(1,696,989)	-	-	(1,696,989)
Balance, December 31, 2005	-	-	99,525,027	9,953	3,490,538	(3,985,997)	-	-	(485,506)

See accompanying notes to unaudited condensed consolidated financial statements.

ODYSSEY OIL & ENERGY, INC. & SUBSIDIARIES
(F/K/A ODYSSEY OIL & GAS, INC. & SUBSIDIARIES)
(A DEVELOPMENT STAGE COMPANY)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE PERIOD FROM MAY 28, 2003 (INCEPTION) TO MARCH 31, 2010 (CONTINUED)
(UNAUDITED)

	Preferred Stock Shares	Amount	Common Stock Shares	Amount	Additional Paid-In Capital	Accumulated Deficit During Development Stage	Accumulated Comprehensive Income	Other Deferred Stock Compensation	Total
In-kind contribution	-	-	-	-	12,000	-	-	-	12,000
Common stock cancelled in connection with exchange of ownership in CardioBioMedical Corporation to its original stockholders	-	-	(66,232,527)	(6,623)	(3,211,742)	3,745,592	-	-	527,227
Common stock issued to purchase investment in oil and gas leases (\$.003 per share)	-	-	60,000,000	6,000	159,000	-	-	-	165,000
Net loss, 2006	-	-	-	-	-	(140,836)	-	-	(140,836)
Balance, December 31, 2006	-	-	93,292,500	9,330	449,796	(381,241)	-	-	77,885
In-kind contribution	-	-	-	-	12,000	-	-	-	12,000
Common shares issued to acquire 100% of outstanding common shares of Uranium Acquisition Corp., Inc.	-	-	15,000,000	1,500	4,248,500	-	-	-	4,250,000
Net loss, 2007	-	-	-	-	-	(4,635,418)	-	-	(4,635,418)
Balance, December 31, 2007	-	-	108,292,500	10,830	4,710,296	(5,016,659)	-	-	(295,533)

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In-kind contribution	-	-	-	-	12,000	-	-	-	12,000
Common stock issued to consultant for services (\$.82 per share)	-	-	450,000	45	367,455	-	-	-	367,500
Common shares issued to acquire 100% of outstanding common shares of ALG Bio Oils Ltd.	-	-	35,000,000	3,500	21,696,500	-	-	-	21,700,000
Other comprehensive income	-	-	-	-	-	-	3,434	-	3,434
Net loss, 2008	-	-	-	-	-	(22,111,044)	-	-	(22,111,044)
Balance, December 31, 2008	-	-	143,742,500	14,375	26,786,251	(27,127,703)	3,434	-	(323,643)

See accompanying notes to unaudited condensed consolidated financial statements.

ODYSSEY OIL & ENERGY, INC. & SUBSIDIARIES
(F/K/A ODYSSEY OIL & GAS, INC. & SUBSIDIARIES)
(A DEVELOPMENT STAGE COMPANY)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE PERIOD FROM MAY 28, 2003 (INCEPTION) TO MARCH 31, 2010 (CONTINUED)
(UNAUDITED)

	Preferred Stock Shares	Amount	Common Stock Shares	Amount	Additional Paid-In Capital	Accumulated Deficit During Development Stage	Accumulated Comprehensive Income	Other Deferred Stock Compensation	Total
In-kind contribution	-	-	-	-	12,000	-	-	-	12,000
Additional common shares issued in connection with acquisition of ALG Bio Oils Ltd. (\$.20 per share)	-	-	75,000,000	7,500	14,992,500	-	-	-	15,000,000
Common shares issued to acquire 51% of outstanding common shares of H-Power (Pty) Ltd. (\$.58 per share)	-	-	65,000,000	6,500	37,693,500	-	-	-	37,700,000
Common stock issued to consultant of ALG Bio Oils Ltd. for services (\$.58 per share)	-	-	1,356,500	135	786,635	-	-	-	786,770
Common stock issued to consultant of H-Power (Pty) Ltd. for services (\$.27 per share)	-	-	2,200,000	220	593,780	-	-	-	594,000
			5,000,000	500	399,500	-	-	-	400,000

Common shares issued to officer for services rendered (\$.08 per share)									
Common stock issued for cash (\$.12 per share)	-	-	1,267,500	127	152,412	-	-	-	152,539
Cancellation of shares originally issued to acquire 51% of outstanding common shares of H-Power (Pty) Ltd. (\$.23 per share)			(65,000,000)	(6,500)	(14,943,500)				(14,950,000)
Other comprehensive income	-	-	-	-	-	-	3,850	-	3,850
Net loss, 2009	-	-	-	-	-	(39,622,892)	-	-	(39,622,892)
Balance, December 31, 2009	-	-	228,566,500	22,857	66,473,078	(66,750,595)	7,284	-	(247,376)
In-kind contribution	-	-	-	-	3,000	-	-	-	3,000
Other comprehensive (loss)	-	-	-	-	-	-	(1,221)	-	(1,221)
Net loss, three months ended March 31, 2010	-	-	-	-	-	(760,530)	-	-	(760,530)
Balance, March 31, 2010	-	-	\$ 228,566,500	\$ 22,857	\$ 66,476,078	\$ (67,511,125)	\$ 6,063	\$ -	\$ (1,006,127)

See accompanying notes to unaudited condensed consolidated financial statements.

ODYSSEY OIL & ENERGY, INC. & SUBSIDIARIES
(F/K/A ODYSSEY OIL & GAS, INC. & SUBSIDIARIES)
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

For the Three For the Three For the Period from
Months Ended Months Ended May 28,2003 (Inception)
March 31, 2010 March 31, 2009 to March 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:

Net loss	\$ (760,530)	\$ (35,801)	\$ (71,256,717)
Net loss from discontinued operations	(594,000)	(504)	(31,988,734)
Loss from continuing operations	(166,530)	(35,297)	(39,267,983)
Adjustments to reconcile net loss to net cash used in operating activities:			
In-kind contribution	3,000	3,000	36,000
Stock issued for services	-	-	1,198,769
Amortization	-	-	33,400
Impairment of investment in oil and gas leases	-	-	247,931
Impairment of bio-fuels plant development contract	-	-	21,717,055
Impairment in plant commissioning	-	-	15,000,000
Changes in operating assets and liabilities:			
Increase in accounts payable and accrued expenses	120,219	11,961	748,168
Cash flows from operating activities in continuing operations	(43,311)	(20,336)	(286,660)
Cash flows from operating activities in discontinued operations	-	(1,029)	(440,497)
Net Cash Used In Operating Activities	(43,311)	(21,365)	(727,157)

CASH FLOWS FROM INVESTING ACTIVITIES:

Loans receivable	87,738	-	(641,851)
Loan receivable - Hylem Water (Pty) Ltd.	(25,780)	-	(25,780)
Purchase of property and equipment	-	-	(116,331)
Purchase of website	-	-	(1,000)
Acquisition of ALG Bio Oils Ltd. net of cash purchased	-	-	180
Cash flows from investing activities in continuing operations	61,958	-	(784,782)
Cash flows from investing activities in discontinued operations	-	-	-
Net Cash Provided By (Used In) Investing Activities	61,958	-	(784,782)

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from common stock	-	-	152,539
Repayment of stockholder's loans	(35,693)	-	(51,628)
Proceeds from loans payable - related parties	38,280	21,533	383,938
Cash flows from financing activities in continuing operations	2,587	21,533	484,849
	-	-	1,043,118

Cash flows from financing activities in discontinued operations			
Net Cash Provided By Financing Activities	2,587	21,533	1,527,967
EFFECT ON EXCHANGE RATE ON CASH	(1,221)	532	8,892
NET INCREASE IN CASH	20,013	700	24,920
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,907	1,196	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 24,920	\$ 1,896	\$ 24,920

See accompanying notes to unaudited condensed consolidated financial statements.

ODYSSEY OIL & ENERGY, INC. & SUBSIDIARIES
(F/K/A ODYSSEY OIL & GAS, INC. & SUBSIDIARIES)
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(UNAUDITED)

For the Three Months Ended March 31, 2010 For the Three Months Ended March 31, 2009 For the Period from May 28, 2003 (Inception) to March 31, 2010

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest	\$	-	\$	-	\$	-
Cash paid for income taxes	\$	-	\$	-	\$	1,824

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

In August 2009, the agreement to acquire 51% of H-Power (Pty) Ltd was mutually recinded and 65 million shares were cancelled. The difference in the value of the shares of \$22,750,000 was included in discontinued operations.

During 2009, the Company issued 5 million shares of common stock to an officer for services rendered for a value of \$400,000.

During 2009, the Company issued 1,356,500 shares of common stock to consultants of ALG Bio Oils Ltd. for services rendered for a value of \$786,770.

During 2009, the Company issued 2,200,000 shares of common stock to consultants of H-Power (Pty) Ltd. for services rendered for a value of \$594,000.

During 2009, the Company issued an additional 75 million shares of common stock in connection with the acquisition of ALG Bio Oils Ltd. for a value of \$15,000,000.

On May 26, 2009, the Company issued 65 million shares of common stock to acquire 51% of the outstanding common shares of H-Power (Pty) Ltd. In August 2009 the agreement was mutually recinded and 65 million shares were cancelled. The difference in the value of the shares \$22,750,000 was included in discontinued operations.

During 2008, accounts payable of \$250,000 were incurred as a result of additional costs of investment in a uranium mine.

On June 16, 2008, the Company assumed \$17,235 of notes payable as part of the acquisition of ALG Bio Oils Ltd.

On June 16, 2008, the Company issued 35 million shares of common stock to acquire 100% of the outstanding common shares of ALG Bio Oils Ltd.

During March 2008, the Company issued 450,000 shares of common stock with a fair value of \$367,500 to a consultant for services.

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On November 20, 2007, the Company issued 15 million shares of common stock to acquire 100% of the outstanding common shares of Uranium Acquisition Corp., Inc.

On April 21, 2006, the Company issued 60 million shares of common stock to purchase a 10% working interest in oil and gas leases in Texas for \$165,000 from a related public company.

On April 21, 2006, the Company exchanged all of its ownership in CardioBioMedical Corporation to the original stockholders for 66,232,527 common shares of Odyssey and the warrants to purchase 19,500,000 shares of the Company's common stock was cancelled.

During 2003, the Company issued 49,500,000 shares of common stock with a fair value of \$1,650,000 for the license rights to the bio-cybernetic technology and frequency analysis technology.

During 2005, the Company cancelled 49,500,000 shares of common stock with a fair value of \$495,000 for the termination of the exclusive rights to the bio-cybernetic technology and frequency analysis technology.

During 2005, the Company issued warrants to purchase 19,500,000 shares of common stock at \$.003 for the non-exclusive rights to the bio-cybernetic technology and frequency analysis technology valued at \$143,238.

See accompanying notes to unaudited condensed consolidated financial statements.

ODYSSEY OIL & ENERGY, INC. & SUBSIDIARIES
(F/K/A ODYSSEY OIL & GAS, INC. & SUBSIDIARIES)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2010
(UNAUDITED)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION

(A) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules and regulations of the Securities and Exchange Commission for interim financial information. Accordingly, they do not include all the information necessary for a comprehensive presentation of financial position and results of operations.

It is management's opinion however, that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statements presentation. The results for the interim period are not necessarily indicative of the results to be expected for the year.

For further information, refer to the financial statements and footnotes included in the Company's Form 10-K for the year ended December 31, 2009.

Effective September 20, 2008, the Articles of Incorporation were amended to change the name of the corporation to Odyssey Oil & Energy, Inc.

On April 21, 2006, the Company exchanged all of its ownership in CardioBioMedical Corporation to the original stockholders. All amounts relating to the operations of CardioBioMedical Corporation have been reflected as discontinued operations. CardioBioMedical Corporation originally merged with Odyssey Oil & Gas, Inc. (F/K/A Advanced Sports Technologies, Inc.) on September 23, 2005. In August 2009 the agreement to acquire the 51% interest in H-Power (Pty) Ltd was mutually rescinded. In October 2009, the Company's interest in Uranium Acquisition Corp., Inc. whose sole asset was a 49% interest in MCA Uranium One (Pty) Limited was transferred back to its original stockholders. Therefore as of March 31, 2010, also included in discontinued operations is Uranium Acquisition Corp, Inc. and H-Power (Pty) Ltd.

Odyssey Oil & Energy, Inc. (F/K/A Odyssey Oil & Gas, Inc. and previously Advanced Sports Technologies, Inc.) is hereafter referred to as the "Company."

The Company, a development stage company since inception, has been devoting its efforts to seek, acquire and finance the development of small energy related companies.

ODYSSEY OIL & ENERGY, INC. & SUBSIDIARIES
(F/K/A ODYSSEY OIL & GAS, INC. & SUBSIDIARIES)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2010
(UNAUDITED)

(B) Principles of Consolidation

The financial statements for the quarter ended March 31, 2010 include the accounts of Odyssey Oil & Energy, Inc. and ALG Bio Oils Ltd. (a development stage company). The financial statements for 2009 include the accounts of Odyssey Oil & Energy, Inc., Uranium Acquisition Corp., Inc. (“Uranium”) (a development stage company), whose sole asset is a 49% interest in MCA Uranium One (Pty) Limited through the date of disposal, and ALG Bio Oils Ltd. (a development stage company). The financial statements for 2009 also include the accounts of H-Power (Pty) Ltd. (“H Power”) (a development stage company) for the period May 26, 2009 through August 27, 2009, a 51% ownership of which was acquired on May 26, 2009. The agreement to acquire the 51% of H-Power (Pty) Ltd was mutually rescinded on August 27, 2009. All intercompany accounts during the period of consolidation have been eliminated.

(D) Loans Receivable

Upon acquiring H Power in May 2009, the Company invested \$729,589 in the operations of H Power. H Power is a discontinued operation therefore these amounts are no longer eliminated in consolidation as an intercompany transaction and are owed to the Company as part of the cancellation agreement. As of March 31, 2010, management determined that \$594,000 of this receivable is uncollectible and has been expensed as a bad debt, included in the loss from discontinued operations.

(D) Fair Value of Financial Instruments

The carrying amounts of the Company’s financial instruments including loans receivable and accounts payable and accrued expenses and loans payable – related parties approximate fair value due to the relatively short period to maturity for these instruments.

(E) Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates.

(F) Loss Per Share

Basic and diluted net loss per common share is computed based upon the weighted average common shares outstanding as defined by FASB Accounting Standards Codification No. 260, Earnings per Share. As of March 31, 2010 and 2009, there were no common stock equivalents.

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(G) Cash and Cash Equivalents

The Company considers all highly liquid temporary cash investments with an original maturity of three months or less to be cash equivalents. The Company did not have any cash equivalents as of the balance sheet dates presented in the financial statements.

(H) Foreign Currency Translation

The functional currency of the Company is the United States dollar. The financial statements of the Company are translated to United States dollars using period-end exchange rates as to assets and liabilities and average exchange rates as to revenues and expenses. Capital accounts are translated at their historical exchange rates when the capital transaction occurred. Net gains and losses resulting from foreign exchange translations are included in the statements of operations and stockholders' equity as other comprehensive income (loss).

(I) Stock Split

Effective May 1, 2008, the Board of Directors approved a 3 for 1 stock split. As a result of the stock split, all share and per share data have been retroactively adjusted to give effect to the stock split.

(J) Income Taxes

The Company accounts for income taxes under the FASB Accounting Standards Codification No. 740, Income Taxes. Under FASB ASC No. 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under FASB ASC No. 740, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(K) Impairment

The Company accounts for any impairment in accordance with FASB Accounting Standards Codification No. 350, Intangibles- Goodwill and Other. Under FASB ASC No. 350, intangible assets are reviewed for evidence or changes in circumstances that indicate that their carrying value may not be recoverable. The Company periodically reviews the carrying value to determine whether or not an impairment to such value has occurred.

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(L) Recent Pronouncements

In October 2009, the Financial Accounting Standards Board (“FASB”) issued an Accounting Standard Update (“ASU”) No. 2009-13, which addresses the accounting for multiple-deliverable arrangements to enable vendors to account for products or services separately rather than as a combined unit and modifies the manner in which the transaction consideration is allocated across the separately identified deliverables. The ASU significantly expands the disclosure requirements for multiple-deliverable revenue arrangements. The ASU will be effective for the first annual reporting period beginning on or after June 15, 2010, and may be applied retrospectively for all periods presented or prospectively to arrangements entered into or materially modified after the adoption date. Early adoption is permitted, provided that the guidance is retroactively applied to the beginning of the year of adoption. The Company does not expect the adoption of ASU No. 2009-13 to have any effect on its financial statements upon its required adoption on January 1, 2011.

NOTE 2

ACQUISITION

On February 25, 2010, the Company entered into an understanding to invest in Hylem Water (Pty) Ltd., a South African company engaged in water disinfection. The Company made an initial investment of \$25,780. Further investments totaling approximately \$2,390,000 (using the March 31, 2010 exchange rate) are due by August 31, 2010 for a total investment by the Company of 51%. As of March 31, 2010, the investment is being treated as a loan to Hylem Water (Pty) Ltd. as the terms of the agreement have not been finalized. When finalized and the total 51% investment has been made, Hylem Water (Pty) Ltd. will be consolidated with the Company.

NOTE 3

LOANS PAYABLE – RELATED PARTIES

During the three months ended March 31, 2010, a related party advanced an additional \$12,500 in partial payment of operating expenses. These advances, totaling \$308,065 as of March 31, 2010, are unsecured, bear interest at 10% per annum and are due on demand. Accrued interest for loans payable – related party was \$77,609 as of March 31, 2010.

During the three months ended March 31, 2010, repayments totaling \$9,913 were made to related parties of ALG Bio Oils Ltd, the Company’s wholly owned subsidiary. In addition, \$25,780 was advanced by related parties to make the initial investment in Hylem Water (Pty) Ltd. These non-interest loans have been repaid (See Note 2). The advances, totaling \$49,445 as of March 31, 2010 including the amount assumed as part of the acquisition of \$17,235, are non-interest bearing and are due at the discretion of the director.

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NOTE 4

STOCKHOLDERS' EQUITY

Effective September 20, 2008, the Articles of Incorporation were amended to increase the number of authorized common shares to 650,000,000 from 250,000,000.

(A) Common Stock Issued for Cash

During 2003, the Company issued 7,500 shares of common stock to its founder for cash of \$250 (\$0.033 per share).

During 2003, the Company issued 2,400,000 shares of common stock for cash of \$80,000 (\$0.33 per share).

During 2003, the Company issued 833,334 shares of common stock for cash of \$125,000 (\$0.15 per share).

During 2004, the Company issued 2,016,693 shares of common stock for cash of \$302,503 (\$0.15 per share).

During 2005, the Company issued 33,292,500 shares of common stock to the stockholders of Advanced Sports upon completion of the merger.

During 2009, the Company issued 1,267,500 shares of common stock for cash of \$152,539 (\$0.12 per share).

(B) Common Stock Issued for Services

During 2003, the Company issued 21,375,000 shares of common stock for officer compensation valued for financial accounting purposes at \$712,500 (\$0.033 per share) based upon recent cash offering prices. The initial 7,500 shares issued upon formation of the corporation were purchased for \$.033 per share.

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During 2003, the Company issued 49,500,000 shares of common stock for licensing rights valued for financial accounting purposes at \$1,650,000 (\$0.033 per share, the price paid for the initial 7,500 shares issued upon formation of the corporation) based upon recent cash offering prices. During 2005, these 49,500,000 shares of common stock were cancelled pursuant to a settlement agreement dated September 16, 2005. Under the terms of this agreement, a nontransferable warrant for 19,500,000 common shares at \$.003 per share was issued for the nonexclusive right to the technology. This warrant is exercisable between January 1, 2007 and December 31, 2014. The fair value of the warrants was estimated on the grant date using the Black-Scholes option pricing model as required by SFAS 123 with the following assumptions: expected dividend yield 0%, volatility 1%, risk-free interest rate of return of 3.28% and expected life of 7 years. The value of \$143,238 was recorded as intangible license rights and will be amortized over the patent life of approximately 14 years.

During 2003, the Company issued 24,600,000 shares of common stock for consulting services valued for financial accounting purposes at \$820,000 (\$0.033 per share) based upon recent cash offering prices.

During 2005, the Company issued 15,000,000 shares of common stock to its Chief Executive Officer and President in recognition and consideration of his service as an officer and director of the Company since June 2003 and his contributions to the progress and development of the Company. For financial accounting purposes, these shares were valued at \$150,000 (\$0.01 per share) based upon recent market prices of the Company.

Effective January 1, 2008, the Company entered into three one year contracts for consulting services. As consideration, the Company issued 450,000 shares of common stock valued for financial accounting purposes at \$367,500 (\$.82 per share) based upon recent market prices of the Company. The value of the services is being recognized over the contract term. As of December 31, 2008, the Company has recorded \$367,500 as consulting expense.

During 2009, the Company issued 1,356,500 shares of common stock for consulting services relating to its ALG Bio Oils Ltd. subsidiary. The shares were valued for financial accounting purposes at \$786,770 (\$.58 per share) based upon recent market prices of the Company.

During 2009, the Company issued 2,200,000 shares of common stock for consulting services relating to its former H-Power (Pty) Ltd. subsidiary. The shares were valued for financial accounting purposes at \$594,000 (\$.27 per share) based upon recent market prices of the Company.

During 2009, the Company issued 5 million shares of common stock to an officer for services rendered. The shares were valued for financial accounting purposes at \$400,000 (\$.08 per share) based upon recent market prices of the Company.

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(C) In-kind Contribution

During the three months ended March 31, 2010 and 2009, the Company recorded additional paid-in capital of \$3,000 for the fair value of rent and services contributed to the Company by its president.

During 2009, 2008, 2007, 2006 and 2005, the Company recorded additional paid-in capital of \$12,000 for the fair value of rent and services contributed to the Company by its president.

(D) Common Stock Issued in Exchange of Assets

On April 21, 2006, the Company exchanged all of its ownership in CardioBioMedical Corporation to the original stockholders for 66,232,527 common shares of Odyssey and the warrant issued to purchase 19,500,000 shares of the Company's common stock was cancelled based on the book value of assets and liabilities on the date of exchange.

On April 21, 2006, the Company issued 60 million shares of common stock to purchase a 10% working interest in certain gas and oil leases in Texas for \$165,000 (\$.003 per share) from Centurion Gold Holdings, Inc., a related public company.

On November 20, 2007, the Company issued 15 million restricted common shares with a fair value of \$4,250,000 (\$0.28 per share based upon latest traded closing price) to acquire 100% of the outstanding common shares of Uranium Acquisition Corp., Inc.

On June 16, 2008, the Company issued 35 million restricted common shares with a fair value of \$21,700,000 (\$0.62 per share based upon latest traded closing price) to acquire 100% of the outstanding common shares of ALG Bio Oils Ltd.

On May 5, 2009, the Company issued an additional 75 million shares with a fair value of \$15,000,000 (\$0.20 per share based upon latest traded closing price) in connection with the acquisition of ALG Bio Oils Ltd.

On May 26, 2009, the Company issued 65 million restricted common shares with a fair value of \$37,700,000 (\$0.58 per share based upon latest traded closing price) to acquire 51% of the outstanding common shares of H-Power (Pty) Ltd. These shares were cancelled on August 27, 2009 upon the cancellation agreement between the Company and H-Power (Pty) Ltd at \$0.23 per share (\$14,950,000).

NOTE 5

RELATED PARTY TRANSACTIONS

See Notes 3 and 4.

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NOTE 6

DISCONTINUED OPERATIONS

Pursuant to an agreement on August 27, 2009 to dispose of the assets and liabilities of its interest in H- Power (Pty) Ltd., all amounts relating to its operations have been reflected as discontinued operations. Also included are the disposal of the assets and liabilities of its interest in MCA Uranium One (Pty) Limited on October 24, 2009.

The results of the discontinued operations for each of the three months ended March 31, 2010 and 2009 are summarized as follow:

	Three months ended March 31,		Inception
	2010	2009	
Revenue	\$ -	\$ -	\$ -
Operating Expenses	(594,000)	(504)	(32,733,852)
Gain on disposal of subsidiaries	-	-	745,118
Loss from discontinued operations	\$ (594,000)	\$ (504)	\$ (31,988,734)

NOTE 7

SEGMENT REPORTING

The accounting policies of the segments are the same as those described in "Basis of Presentation" above. The Company's business is currently conducted principally in South Africa. As of March 31, 2010 and 2009, the Company had \$72,155 and \$764, respectively, of assets located in South Africa.

The following table summarizes segment information:

Three Months Ended March 31, 2010	Bio-fuels	Other	Consolidated
Revenue	\$ -	\$ -	\$ -
Interest expense	-	(7,503)	(7,503)
Net Loss	(9,851)	(750,679)	(760,530)
Total Assets	72,155	27,396	99,551
Total Liabilities	49,349	1,056,329	1,105,678

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Three Months Ended March

31, 2009	Bio-fuels	Other	Consolidated
Revenue	\$ -	\$ -	\$ -
Interest expense	-	(6,331)	(6,331)
Net Loss	(1,839)	(33,962)	(35,801)
Total Assets	764	2,132	2,896
Total Liabilities	23,166	653,031	676,197

NOTE 8

CONCENTRATION OF CREDIT RISK

The Company has approximately \$24,000 in foreign currency in South Africa subject to exchange rate risk.

NOTE 9

GOING CONCERN

As reflected in the accompanying unaudited condensed consolidated financial statements, the Company is in the development stage with an accumulated deficit of \$67,511,125, a working capital deficiency of \$1,032,907 and net cash used in operations of \$286,660 from inception. These factors raise substantial doubt about its ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company's ability to raise additional capital and implement its business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

To date, related parties have funded our operating cash requirements. Management has received verbal assurances from these related parties that such funding will continue as needed. Based on these assurances, management expects that the Company will be able to develop its interests in ALG Bio Oils Ltd. and Hylem Water (Pty) Ltd. and execute its plan of operations and continue as a going concern.

Item 2. Management Discussion and Analysis or Plan of Operations

Overview

The Company was formed in Florida in August 2001 with the plan of becoming a direct marketing company that developed and marketed premium-quality, premium-priced, branded fitness and exercise equipment to the home fitness equipment market. Our original business plan included marketing products directly to consumers through a variety of direct marketing channels.

As an initial step, the Company licensed the rights to a portable gym subject to patent protection in the United States, which was eligible to be marketed under the trademark Better Buns. It was the Company's intention for this product to be its first direct-marketed product. The Company was unsuccessful in its attempts to raise funding to pursue this goal and in May 2005, received notice that it was in breach of its license agreement for the Better Buns product and that the license was being terminated. Since inception to date, the Company has not generated any revenues through the sale of the Better Buns product or otherwise, and has not engaged in any marketing activities due to limited funds and resources.

In September 2005, the Company changed focus in connection with the Merger of a wholly-owned subsidiary of the Company and CardioBioMedical Corporation ("CBM"), a Delaware corporation. The subsidiary merged with and into CBM, with CBM as the surviving corporation which became a subsidiary of the Company. The consideration for the merger consisted of 66,232,527 shares of the Company common stock, \$.0001 par value, payable on a one-for-one basis to the consenting shareholders of CBM and a warrant, exercisable beginning January 1, 2008, to purchase 19,500,000 shares of the Company common stock at a purchase price of \$.003 per share payable to the sole warrant holder of CBM in exchange for an equivalent CBM warrant.

The new objective of the Company was to establish a medical device, the Cardio Spectrum Diagnostic System as the standard of care for the detection of early-stage ischemic heart disease. The Company's strategy consisted of (i) attempting to obtain insurance reimbursement for performance of the diagnostic test (ii) establish the device with cardiologists and (iii) finally gain acceptance and use by other physician specialties and hospitals. The Company was unsuccessful in its attempts to obtain insurance reimbursement and marketing CSD.

The Company was not having much success with CardioBioMedical Corporation and on April 21, 2006, the ownership of CardioBioMedical Corporation was exchanged for 66,232,527 shares of Odyssey common stock with the original stockholders. In addition, we changed the name of the Company to Odyssey Oil & Gas, Inc to reflect our new strategy.

On April 21, 2006, we began the realization of our new strategy by purchasing a 10% working interest in oil and gas leases in Texas from Centurion Gold Holdings, Inc., a related public company.

On November 21, 2007 we entered into a new phase of our strategy by acquiring a Uranium Prospect known as Springbok Flats in the Bela Bela District of South Africa.

On January 15, 2008, the Company's well operator determined that the Leslie 1 Well of BBB Area, Wharton Texas, was no longer commercially viable and the well was plugged and abandoned.

On June 16, 2008, the Company acquired ALG Bio Oils Limited, which in turn owns 100% of ALG Western Oils (Pty) Ltd. ALG Western Oils has the technology to make bio fuel from algae and has entered into a Letter of Intent with Xstrata Alloys to begin a bio fuel project at the Boshhoek smelter in South Africa. The construction of the pilot plant was completed during the quarter ended June 30, 2009 and is undergoing various tests. This acquisition continues the Company's strategy of investing in energy related enterprises.

The Company intends to expand the making of bio fuels from algae to other large mining Companies in South Africa.

On May 26, 2009, the Company acquired 51% of H-Power (Pty) Ltd. H-Power (Pty) Limited, a South African registered company, which owns an exclusive license to develop and market batteries based on patented Hybrid Battery Technology worldwide. However, on August 27, 2009, the Company entered into an agreement to cancel the purchase of the 51% of H-Power (Pty) Ltd. H-Power required substantial capital as well as a partner to develop a production line for the batteries based on its patented Hybrid Battery Technology. Despite making large loans to H-Power the Company was not able to secure the needed financing or a substantial partner. Under the circumstances, the Board of Directors believed it was in the best interests of the Company to enter into the cancellation agreement. The agreement called for the return of the 65 million common shares originally issued, 4 million common shares issued to consultants and the repayment of all funds advanced since acquisition.

The Company's prime objective is still to invest in green and green energy related projects.

On October 24, 2009 the Company entered into a contract with MCA Capital Assets (Pty) Ltd to mutually cancel the original agreement for the acquisition of the Uranium Prospect referred to above. The Company has no further obligations in regards to the original agreement. All expenses have been reclassified to discontinued operations on the statement of operations.

Critical Accounting Policies and Changes to Accounting Policies

The Company historically has utilized the following critical accounting policies in making its more significant judgments and estimates used in the preparation of its financial statements:

Use of Estimates. In preparing financial statements in conformity with accounting principles generally accepted in the United States, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates and the differences could be material.

Income Taxes. The Company accounts for income taxes under FASB Accounting Standards Codification No. 740, Income Taxes. Under FASB ASC No. 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under FASB ASC No. 740, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Impairment. The Company accounts for any impairment in accordance with FASB Accounting Standards Codification No. 350, Intangibles - Goodwill and Other. Under FASB ASC No. 350, intangible assets are reviewed for evidence or changes in circumstances that indicate that their carrying value may not be recoverable. The Company periodically reviews the carrying value to determine whether or not an impairment to such value has occurred.

Foreign Currency Translation. The functional currency of the Company is the United States Dollar. The financial statements of the Company are translated to United States dollars using period-end exchange rates as to assets and liabilities and average exchange rates as to revenues and expenses. Capital accounts are translated at their historical exchange rates when the capital transaction occurred. Net gains and losses resulting from foreign exchange translations are included in the statements of operations and stockholders' deficit as other comprehensive income (loss).

There were no changes in accounting policies during the period.

Recent Pronouncements

In October 2009, the Financial Accounting Standards Board ("FASB") issued an Accounting Standard Update ("ASU") No. 2009-13, which addresses the accounting for multiple-deliverable arrangements to enable vendors to account for products or services separately rather than as a combined unit and modifies the manner in which the transaction consideration is allocated across the separately identified deliverables. The ASU significantly expands the disclosure requirements for multiple-deliverable revenue arrangements. The ASU will be effective for the first annual reporting period beginning on or after June 15, 2010, and may be applied retrospectively for all periods presented or prospectively to arrangements entered into or materially modified after the adoption date. Early adoption is permitted, provided that the guidance is retroactively applied to the beginning of the year of adoption. The Company does not expect the adoption of ASU No. 2009-13 to have any effect on its financial statements upon its required adoption on January 1, 2011.

Management's Discussion and Analysis and Plan of Operations

On June 16, 2008, the Company acquired ALG Bio Oils Limited, which in turn owns 100% of ALG Western Oils (Pty) Ltd. ALG Western Oils has the technology to make bio fuel from algae and has entered into a Letter of Intent with Xstrata Alloys to begin a bio fuel project at the Boshhoek smelter in South Africa.

During the quarter ended September 2008, Xstrata Alloys had ordered and paid for the pilot plant to be erected at the Boshhoek smelter. Further the Company had identified and duplicated the strain of algae to be used in the pilot project with Xstrata Alloys. During the quarter ended June 30, 2009, the pilot plant was assembled at Boshhoek and is currently running and being tested. The Company expects the pilot plant to be fully functional and most tests completed during the second quarter of 2010.

On February 25, 2010, the Company entered into an understanding to invest in Hylem Water (Pty) Ltd., a South African company engaged in water disinfection. The Company made an initial investment of \$25,780. Further investments totaling approximately \$2,390,000 (using the March 31, 2010 exchange rate) are due by August 31, 2010 for a total investment by the Company of 51%. As of March 31, 2010 this investment is being treated as an interest free loan to Hylem Water as the terms of the agreement have not been finalized.

During the three months ended March 31, 2010, Global Investment Group, Inc., a third party, loaned the Company an additional \$12,500 in payment of operating expenses. The loans bear interest at 10% per annum, are unsecured and are due on demand.

During the three months ended March 31, 2010, repayments totaling \$9,914 were made to related parties of ALG Bio Oils Ltd. In addition, \$25,780 was advanced by related parties to make the initial investment in Hylem Water (Pty) Ltd. These non-interest loans have been repaid. All advances are non-interest bearing and are due at the discretion of the director.

Total operating expenses increased to \$159,027 from \$28,967 for the three months ended March 31, 2010 as compared to March 31, 2009.. The increase was primarily due to an accrual for officer compensation totaling \$125,000.

Total current assets consist of cash of \$24,920 and loans receivable of \$47,851. Total current liabilities consist of accounts payable and accrued expenses of \$670,559 and amounts due to related parties totaling \$435,119. Global Investment Group, Inc. and various related parties of ALG Bio Oils Limited funded all operating costs and will continue to do so. Management has received verbal assurances from these related parties that such funding will continue as needed.

The company will also explore investments in other energy related enterprises. These future activities will be dependent upon the Company's ability to raise additional funds. Currently, the Company does not have sufficient cash to continue operations for the next twelve months. Our auditors have raised substantial doubt about the Company's ability to continue as a going concern. Although no assurances can be given, management has received verbal assurances from the related parties referred to above that such funding will continue as needed. Based on these assurances, management expects that the Company will be able to develop its interest in ALG Bio Oils Ltd. and execute its plan of operations and continue as a going concern.

Off-Balance Sheet Arrangements

The Company is not a party to any off-balance sheet arrangements.

Description of Property

The Company does not own any real property or any interest in real property and does not invest in real property or have any policies with respect thereto as a part of their operations or otherwise.

Our principal office facility is presently located in space owned by our sole officer. Rent has not been charged for the office space, and it is not expected that rent will be charged in the near-term.

The current mailing address of the Company is 6248 NW 32nd Terrace, Boca Raton, FL 33496.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Not required for smaller reporting companies.

Item 4T. Controls and Procedures.

The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) that are designed to ensure that information required to be disclosed in the company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our Chief Executive Officer and Chief Financial Officer performed an evaluation of the effectiveness of the design and operation of the company's disclosure controls and procedures as of the end of the period covered by this quarterly report. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that there is a material weakness in our internal control over financial reporting and that our financial reporting controls were not

effective. A material weakness is a deficiency, or a combination of control deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness identified is:

The Company does not have sufficient accounting staff at its ALG Bio Oils Ltd. subsidiary in South Africa to ensure that all transactions are properly reconciled, and timely and properly reflected in the accounting records. This insufficiency in accounting staff results in a lack of accounting expertise necessary for an effective system of internal control.

In order to mitigate the above weaknesses, the Company will consider adding accounting staff but at a minimum will improve communication to its accounting firm in South Africa to ensure that all transactions are properly and timely recorded. In addition, management will conduct a more thorough review of all financial reports issued for completeness reasonableness.

This quarterly report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this quarterly report.

Such evaluation did not identify any change in the company's internal control over financial reporting during the quarter ended March 31, 2010 that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

PART II-OTHER INFORMATION

Item 1. Legal Proceedings

We are not party to any legal proceedings as of the date of this Form 10Q.

Item 1A. Risk Factors

None

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Removed and Reserved

Item 5. Other Information

Item 6. Exhibits and Reports on Form 8-K.

a) Exhibits:

31 Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-15(e) and 15(d)-15(e) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32 Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

b) Reports on Form 8-K

None filed.

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SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf of the undersigned, thereunto duly authorized.

ODYSSEY OIL & ENERGY, INC

By: /s/ Arthur Johnson
Arthur Johnson
Principal Executive Officer,
President and Director

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