

Odyssey Oil & Gas, Inc.
Form 10-K
March 30, 2009

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

Form 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2008

or

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

ODYSSEY OIL & ENERGY, INC.

(Name of registrant as specified in its charter)

| | | |
|---|--------------------------|---|
| Florida | 333-106299 | 65-1139235 |
| (State or other jurisdiction of incorporation or organization) | (Commission file number) | (I.R.S. Employer Identification No.) |

18 George Avenue
Rivonia, 2128 South Africa
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: +27 (11) 807-1446

Securities registered under Section 12(b) of the Act:

None

Securities registered under Section 12(g) of the Act:

Common Stock, par value \$ 0.0001 per share
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
 Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company:

| | | | |
|--|--------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer (Do not check if a smaller reporting company) | <input type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked prices of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

As of March 23, 2009, the aggregate market value of the voting stock held by non-affiliates of the registrant based on a value of \$0.52 per share on March 23, 2009 was \$74,746,100.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. 143,742,500 shares of common stock are issued and outstanding as of March 23, 2009.

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SIGNATURES

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ITEM 1 DESCRIPTION OF BUSINESS

Overview of the Company and its Prior Strategy

Advanced Sports Technologies, Inc. (AST) was incorporated in the state of Florida on August 9, 2001.

The Company's initial efforts were focused on developing and marketing 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, including spot television commercials, infomercials, print media, direct response mailings and the Internet. Initial consumers targeted for the Company's efforts included health clubs and gyms, rehabilitation clinics, hospitals, colleges and universities, hotels and motels and the military and governmental agencies.

AST licensed the rights to a portable gym subject to patent protection in the United States, which may be marketed under the trademark Better Buns. It was the Company's intention for this product to be its first direct-marketed product, although the Company was unsuccessful in its attempts to raise funding for marketing. All patents, trademarks and other intellectual property associated with the Better Buns product are owned by, and the Company's license agreement was with, Exerciting LLC, which is owned by the brothers of the Company's former President and sole director. Prior to the Merger (as defined below and discussed herein), the Company was searching for other products to license or acquire for introduction. AST has not generated any revenues through the sale of the Better Buns product or otherwise and has not engaged in any research and development or marketing activities due to limited funds and resources.

In May 2005, the Company received notice that it was in breach of its license agreement with Exerciting, LLC for the Better Buns product and that the license was being terminated.

The Merger

On September 23, 2005, the Company changed focus through a merger with CardioBioMedical Corporation. We created a wholly owned Delaware subsidiary for the purpose of merging with CBM, a Delaware corporation. With the consent of shareholders holding over 95% of the shares of CBM entitled to vote, the Sub merged with and into CBM with CBM being the surviving corporation. CBM then became a subsidiary of the Company and the separate existence of Sub ceased.

The consideration for the Merger consisted of 22,077,509 shares of AST common stock, \$.0001 par value, payable to the shareholders of CBM and a warrant, exercisable beginning January 1, 2008, to purchase 6,500,000 shares of AST common stock at a purchase price of \$.01 per share payable to the sole warrant holder of CBM. At the effective time of the Merger and without any action on the part of CBM stockholders, each one share of CBM common stock (except for shares held in treasury and dissenting shares) was converted into the right to receive one share of common stock of the Company, and the CBM warrant referenced above was exchanged for an equivalent AST warrant.

Further in connection with the Merger, the Board of Directors accepted the resignation of Curtis Olschansky as sole director and officer of the Company and elected James F. Mongiardo to fill the vacancy on the Board. Mr. Mongiardo was also elected to serve as Chief Executive Officer and President of AST.

CBM was formed in May 2003 to commercialize, in licensed territories, devices incorporating proprietary and patented technology relating to a new scientific technique applying bio-cybernetic principles and frequency analysis in non-invasive medical devices. CBM currently is a party to a non-exclusive license from a patent holder to sell a proprietary device in designated territories and has a commitment from such patent-holder to perform consulting

services for CBM at its request.

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The Medical Problem

According to the American Heart Association's latest cardiovascular disease statistics (estimates for 2002), cardiovascular disease is the number one killer in the United States. Cardiovascular dysfunction, especially atherosclerosis (hardening of the arteries) and its manifestations, debilitates nearly 13 million Americans and annually causes approximately 900,000 deaths in the United States. The main cause of cardiac death is acute myocardial infarction. Myocardial infarction refers to the injury or death of heart muscle and tissue because of interrupted blood flow to the area, typically as a result of atherosclerosis. An acute myocardial infarction will occur in 1.2 million people in the United States each year, 500,000 of whom will die during this acute event. Among those who experience sudden cardiac death, coronary artery disease ("CAD") is the main cause of death. A very important risk factor is "silent" ischemia (or restricted blood flow), i.e. the asymptomatic form of CAD.

In 1903, Willem Einthoven devised the string galvanometer to indicate and graphically record changes of electric potential at various points on the exterior surface of the human body caused by contractions of the myocardium or heart muscle. His invention became the electrocardiogram ("ECG"). ECG devices measure the electrical impulses generated by the myocardial cells. The standard ECG test records the positive and negative electrical waves resulting from each heartbeat. This means that a standard ECG study examines the electrical output in the time domain, i.e., a one-dimensional examination. This can limit the amount of data generated and, accordingly, the diagnostic value of the device. While the standard ECG is not invasive, it is also of low accuracy (50-55% for CAD) and is insensitive to ischemia according to the Yale University School of Medicine Heart Book.

In order for a physician to get a more accurate understanding of the coronary risk associated with a patient, more expensive, complicated and riskier diagnostic procedures are available. If CAD can be detected at an early stage, there exist multiple treatment regimens that may effectively treat CAD.

The Product

As noted above, CBM has a non-exclusive license to market a proprietary medical device designed for the non-invasive early diagnosis of coronary artery diseases, particularly myocardial injury caused by ischemia, in the United States, Canada and Mexico. The product, known as the Cardio Spectrum Diagnostic System ("CSD"), has received approval under Underwriters Laboratories, Inc.'s electrical safety standards (UL-2601), the European Union's standard for marketing a medical device (CE) and the Federal Communication Commission's standards for marketing a computer. In addition, CBM received 510(k) clearance from the U.S. Food and Drug Administration to market the CSD in the United States.

The basic concept underlying the proprietary technology incorporated in the CSD is the recognition that time domain myocardial electrical signals can be transformed into frequency domain and then analyzed. This concept is easily understood through the example of sunshine. To the naked eye, sunshine appears to be white. Scientists, however, regard sunshine more precisely as a spectrum in which one can see that the white comprises an infinite array of colors just like a rainbow. Similarly, the electrical signals given by the ECG can be transformed from the time domain into the frequency domain and then analyzed. It is our contention that this frequency domain gives a more complete and accurate assessment of the coronary disease status of a patient than other standard, non-invasive coronary diagnostic procedures.

The CSD is the culmination of 20 years of research and development. Included in its software are over 20,000 patient test results. The procedure utilizing the device is performed non-invasively while the patient is at rest, with the goal of eliminating the risks associated with either exercise or the injection of dyes or a catheter. After attaching the leads to the patient, the procedure is completed in approximately 90 seconds. Results to date have shown that the CSD is effective at non-invasively diagnosing CAD with more than 90% sensitivity and specificity.

A New Strategy

The objective of the Company was to establish the CSD as the standard of care for the detection of early-stage ischemic heart disease. Our strategy included first establishing the system with cardiologists and then gaining acceptance and use by other physician specialties and hospitals. We believed critical in U.S. hospital market acceptance will be the cost savings of the CSD in both the early detection of disease and the elimination of the need to perform multiple and more expensive diagnostic procedures to determine a patient's cardiac health.

Even though the CSD may be marketed in the United States today, the Company believed that the key to successful marketing here and elsewhere was the insurance reimbursement. Historically, medical devices are not accepted by the medical community or hospitals in any meaningful manner until there is associated insurance reimbursement for use of the device. Therefore, one of the first objectives of the Company was to obtain a "CPT Code" for the CSD. CPT codes describe medical or psychiatric procedures performed by physicians and other health-care providers. The codes were developed by HCFA (Health Care Financing Administration, a government department that sets insurance reimbursement rates) to assist in the assignment of reimbursement amounts to providers by Medicare carriers. A growing number of managed care and other insurance companies, however, base their reimbursements on the values established by HCFA.

We intended to seek a CPT code through a concentrated set of clinical trials that was to begin with physicians associated with major teaching hospitals. The first such trial was started at Cedars Sinai Medical Center in Los Angeles, California. While clinical data was being generated to support a CPT code application, we further intended to conduct additional clinical trials to "seed" the market in the United States. We also expected that use of the CSD by cardiologists at major teaching hospitals and other opinion leader locations will have supported market introduction.

We intended to sell the CSD to physicians including group practices, hospitals and health maintenance organizations. We anticipated that marketing will focus on its advantages, namely its sensitivity and specificity as a non-invasive diagnostic tool to assist the physician in determining whether a patient has CAD. We intended to use traditional vehicles to convey this message, including medical journal advertising, direct mail and participation in medical meetings and conferences. We also intended to market and sell the CSD through a hybrid sales effort. In the United States, medical devices are sold through direct sales forces, distributors or a combination of both. Because the CSD test results include a suggested diagnosis, we believed that the CSD may have been suitable for sale through distributors. To augment that effort and include key account selling, e.g. hospital chains, we also anticipate hiring a small direct sales force.

In addition to a suggested diagnosis, the CSD test results gives the physician additional diagnostic information about the coronary health of the patient. The power spectrum, dual lead correlation and location results of the CSD test offer an additional potential revenue source. We planned to offer physicians a service to analyze this additional information to further assist the physician in treating the patient.

Manufacturing and Distribution

We expected that the CSD would have been supplied by its inventor, Professor Dan Qun Fang. The product consists of commercially available hardware components and proprietary software owned by Prof. Fang and licensed to CBM. Pursuant to the license agreement for the CSD, CBM had the benefit of "most favored nation" pricing, or pricing as favorable as that received by other sales licensees/customers of the same products on comparable terms and conditions.

Competition

The market for medical devices is highly competitive and is served by a number of well-established companies with recognized names. In order to effectively compete, we would have been required to make substantial investments in sales and marketing as well as research and development. Many products are sold by companies with greater resources than the Company and there was no assurance that we would have been successful in gaining significant market share for the CSD or other products and product candidates or earning a return on our investment in such products and product candidates.

Equipment used by the physician as a diagnostic aid in determining whether a patient has coronary artery disease includes electrocardiogram equipment, stress electrocardiogram equipment, impedance cardiography equipment, echocardiogram equipment, stress echocardiogram equipment, Thallium SPECT equipment, Ultra-Fast CT Scan equipment, CT angiogram equipment, Pet Scan equipment and angiogram equipment. In addition to competition from these devices and their respective manufacturers, the Company believed that it would have had one primary direct competitor, Premier Heart, which markets a two lead detection system known as the 3DMPTsystem, as opposed to the 12 lead detection system used by the CSD.

- * establish registration for device manufacturers (both domestic and foreign) and importers,
- * medical device listing by firms that manufacture, re-package and re-label develop specifications, reprocess single-use devices, remanufacture and/or manufacture accessories and components sold directly to the end user,
- * quality system regulation, including requirements related to the methods used in and the facilities and controls used for designing, purchasing, manufacturing, packaging, labeling, storing, installing and servicing of medical devices,
- * labeling requirements as well as descriptive and informational literature that accompanies the device, and
- * medical device reporting to report incidents in which a device may have caused or contributed to a death or serious injury.

As noted above, the CSD system has received UL-2601, CE and FCC approval, and CBM has received 510(k) clearance from the FDA to market the CSD in the United States. We also intend to apply for a CPT Code for insurance reimbursement purposes. Future products and product candidates will likely have to go through the pre market notification or pre market approval process, and will be subject to the applicable regulatory requirements discussed above. There can be no assurances that approval would be granted for any future product or product candidate, whether in the United States or elsewhere, on a timely basis or at all. Furthermore, if approval is granted, the product or device would be subject to continuing regulatory regulations and oversight. The approval process is expensive and can take a long time to complete, and the cost involved in satisfying applicable ongoing compliance requirements is high.

RESEARCH AND DEVELOPMENT

The Company did not invest in research and development for the Better Buns or any other fitness product. Through December 31, 2007, CBM had invested \$126,969 in research and development activities for the CSD system. This amount has been borne solely by CBM, and the Company does not expect in the near term to receive external funding for research and development activities. These expenditures have included retaining Averion, Inc., a clinical research organization, to assist in the development of clinical protocols, monitoring of clinical trials and analysis of data. CBM also pays for all expenses associated with its clinical trials, including fees charged by the Institutional Review Board and a fee per patient enrolled.

Our New and Current Strategy

The company was not having much success with CardioBioMedical Corporation and on April 21, 2006, the ownership of CardioBioMedical Corporation was exchanged for 22,077,509 shares of Odyssey common stock with the original stockholders. In addition, we changed the name of our company to Odyssey Oil & Energy, 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. We do not expect to purchase other working interests in oil and gas wells in the future.

The company will also explore investments in other energy related enterprises.

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. After numerous months of due diligence and some geological work on samples provided to us, it was determined that it would not be viable to exploit the Uranium deposit. The Board of directors has decided to consult with our partners in the Uranium Prospect to dispose of the Prospect.

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. 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.

EMPLOYEES

The Company currently employs Arthur Johnson as its president and Nicolaas Theunissen as its vice-president. No compensation or benefits is currently being paid. These individuals are also directors.

ITEM 2. DESCRIPTION OF PROPERTY

Our principal office facility is presently located in space owned by our president. During 2008, 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.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II.

ITEM 5. MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND SMALL BUSINESS ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock was approved for an unpriced quotation on the Over the Counter Bulletin Board on October 19, 2004.

As of March 23, 2009, there were 45 shareholders of record of our common stock and a total of 143,742,500 common shares outstanding.

We have never paid any dividends and do not currently anticipate paying dividends in the future. Any payment of cash dividends in the future will be dependent upon the amount of funds legally available, our earnings, financial condition, capital requirements and other factors that our Board of Directors may think are relevant.

On May 1, 2008 the Company forward split the common shares of the Company on a basis of 3 shares for every 1 share held. As a result of the stock split, all share and per share data have been retroactively adjusted to give effect to the stock split.

There are currently no outstanding options or warrants to purchase, or any securities that are convertible into, our common stock. The single warrant to purchase 6,500,000 shares issued in connection with the CBM Merger was cancelled upon exchange of ownership in CBM with the original stockholders.

ITEM 6. SELECTED FINANCIAL DATA

Statements of Operations Information

| | Year ended Dec. 31, 2008 | Year Ended Dec. 31, 2007 | For the Period May 28, 2003 (Inception) to Dec. 31, 2008 |
|---|-----------------------------|-----------------------------|---|
| Revenue | \$ - | \$ 7,450 | \$ 26,695 |
| Loss from continuing operations | (22,111,044) | (4,635,418) | (26,870,854) |
| Loss from discontinued operations | - | - | (4,026,761) |
| Loss from operations before income taxes | (22,111,044) | (4,635,418) | (26,913,398) |
| Net loss | (22,111,044) | (4,635,418) | (30,940,159) |
| Net loss per share basic and diluted: | | | |
| Continuing operations | \$ (.17) | \$ (.15) | |
| Total | \$ (.17) | \$ (.15) | |
| Weighted average number of shares outstanding during the period-basic and diluted | 127,590,860 | 94,977,432 | |

Balance Sheets Information

| | Dec. 31, 2008 | Dec. 31, 2007 |
|----------------------------------|---------------|---------------|
| Cash | \$ 1,196 | \$ 450 |
| Total Assets | 2,196 | 450 |
| Current Liabilities | 642,703 | 295,983 |
| Total Liabilities | 642,703 | 295,983 |
| Stockholders Equity (Deficiency) | (323,643) | (295,533) |

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

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.

OVERVIEW

AST 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 may 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 had not generated any revenues through the sale of the Better Buns product or otherwise, and had not engaged in any research and development or 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, a Delaware corporation. The subsidiary merged with and into CBM, with CBM as the surviving corporation and becoming a subsidiary of AST. The consideration for the merger consisted of 22,077,509 shares of AST 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 6,500,000 shares of AST common stock at a purchase price of \$.01 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 attempting to (i) obtain insurance reimbursement for performance of the diagnostic test, (ii) establish the device with cardiologists and finally (iii) gain acceptance and use by other physician specialties and hospitals. The Company was unsuccessful in its attempts to obtain insurance reimbursement and marketing CSD.

On November 21, 2007 our Board of Directors authorized the purchase (the "Purchase") of one hundred percent (100%) of a Uranium Prospect known as Springbok Flats in the Bela Bela District of South Africa. The rights are being held through MCA Uranium One (Pty) Ltd, a 49% (forty nine percent) owned subsidiary of Odyssey Oil & Energy, Inc. As a result of the Purchase, the Company issued 15,000,000 shares of the Company's common stock at a purchase price of \$.28 per share. A further 10,000,000 shares of the Company's common stock will be issued on receipt of the mining license and a further 25,000,000 shares of the Company's common stock will be issued within a period of 18 months upon proving up of the Uranium Reserves. However, no further shares are being issued. Our Board of Directors has decided not to proceed with the exploration and exploitation of the Uranium Prospect as it will not be financially viable. Our Board is in consultation with our partners as to how best dispose of this asset.

During 2007, the Leslie 1 Well of the BBB Area in Wharton Texas underwent various repairs to try and get the gas to start flowing again. The worst possible scenario occurred when it was discovered that the well had a split casing. All the partners in the well decided to allow Ventum Energy, the wells operator, to try and establish a gas pocket about half way up the well to trap the gas and pump it out. None of the repairs worked out the gas pocket did not materialize. On January 15, 2008 it was decided to close up the well and abandon it.

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. As a result of the Purchase the Company issued 35,000,000 shares of the Company's common stock with a fair value of \$21,700,000. The Company will issue an additional 75,000,000 shares of the Company's common stock contingent upon the occurrence of future specific events through the commissioning of the pilot plant at Boshhoek. 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.

Unlike the year ended December 31, 2007, no revenue was earned from the oil and gas lease during the year ended December 31, 2008 as the well was permanently plugged and abandoned in January 2008.

Excluding the impairment of the bio-fuels development contract relating to the acquisition of ALG Bio Oils Limited and the impairment of investment in oil and gas leases, total operating expenses increased to \$438,537 from \$130,042 for the year ended December 31, 2008. The increase was primarily due to consulting fees of \$367,500 relating to MCA Uranium One (Pty) Limited.

Total current assets consist of cash of \$1,196 and website costs of \$1,000. Total liabilities consist of accounts payable and accrued expenses of \$327,208 and amounts due to related parties totaling \$315,495. 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.

PLAN OF OPERATIONS

During December 2006 the well was shut down for some major repairs. Mud had leaked into the well and reduced the gas flow significantly. The well was brought back online and gas started to flow in February 2007. Our share of the repair costs was \$12,554. The well was again shut down soon after starting up again due to a significant loss of pressure in the well. It was found that the casing had in fact cracked and the only way to repair the well was either to re-drill the well at an enormous cost or try and trap the gas in an anomaly half way up the well. The latter was tried but also proved to be unsuccessful. Our share of the costs was \$14,238. In January 2008 it was decided to abandon the well.

On November 21, 2007 the Company purchased a Uranium Prospect known as Springbok Flats in the Bela Bela District, South Africa. The rights are being held through the company MCA Uranium One (Pty) Ltd a 49% (forty nine percent) owned subsidiary of Odyssey Oil & Energy, Inc

The Company does not intend to commence prospecting and proving up the reserves of Uranium during 2009. The Company has decided not to proceed with the exploration and exploitation of the Uranium Prospect as it will not be financially viable. Our Board is in consultation with our partners as to how best dispose of this asset.

The company does not intend to expand by acquiring additional working interests in other oil and gas wells.

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. 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.

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.

CAPITAL RESOURCES AND LIQUIDITY

As of December 31, 2008, the Company had cash of \$1,196, not sufficient to fund operations. Funding has been provided by and is expected to continue to be provided by Global Investment Group, Inc. and various related parties of ALG Bio Oils Limited. Should these various parties be unable to continue funding operations, the Company may not be able to proceed with its business plan. The Company's auditors have raised substantial doubt about our ability to continue as a going concern as sufficient cash is not on hand to continue operations for the next twelve months and operating losses are expected to continue. However, management has received verbal assurances from these related parties that such funding will continue as needed.

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:

Variable Interest Entities. In December 2003, the FASB issued a revision to Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN No. 46R"), which was originally issued in January 2003. FIN No. 46R provides guidance on the consolidation of certain entities when control exists through means other than ownership of voting (or similar) interests and was effective for public entities that have interests in variable interest entities commonly referred to as special purpose entities for the first reporting period that ends after March 15, 2004. FIN No. 46R requires consolidation by the majority holder of expected residual gains and losses of the activities of a variable interest entity ("VIE").

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 Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes ("Statement 109"). Under Statement 109, 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 Statement 109, 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 Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("Statement 142"). Under Statement 142, 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' equity as other comprehensive income (loss).

There were no changes in accounting policies during the year.

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 president. Rent has not been charged for the office space, and it is not expected that rent will be charged in the near-term.

ITEM 8. FINANCIAL STATEMENTS.

The company's financial statements are attached hereto and incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS

None.

ITEM 9A. CONTROLS AND PROCEDURES

CODE OF ETHICS

The Company has adopted a Code of Ethics that applies to employees, officers and directors. The Code of Ethics was filed as Exhibit 14.1 to the Company's Form 10-KSB filed for the year ended December 31, 2004.

DISCLOSURE CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures designed to ensure information required to be disclosed in Company reports filed under the Securities Exchange Act of 1934, as amended ("the Exchange Act"), is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in Company reports filed under the Exchange Act is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Mr. Arthur Johnson who is our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures pursuant to Rule 13a-15(b) of the Exchange Act as of December 31, 2008. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer has concluded that the Company's disclosure controls and procedures are effective as of December 31, 2008.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) under the Securities Exchange Act of 1934. Pursuant to the rules and regulations of the Securities and Exchange Commission, internal control over financial reporting is a process designed by, or under the supervision of, the Company's principal executive and principal financial officers, and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Due to inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Further, because of changes in conditions, effectiveness of internal control over financial reporting may vary over time.

Mr Arthur Johnson who is our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's internal control over financial reporting as of December 31, 2008 based on the control criteria established in a report entitled Internal Control — Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on such evaluation management has concluded that our internal control over financial reporting is effective as of December 31, 2008.

Webb & Company, P.A., the Company's independent registered public accounting firm, has not issued an attestation report on the effectiveness of the Company's internal controls over financial reporting since we are not yet required to comply with this provision of Section 404(B) of the Sarbanes-Oxley Act.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in the Company's internal control over financial reporting during the Company's fiscal quarter ending December 31, 2008, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

OFFICERS AND DIRECTORS

From September 30, 2002 through September 23, 2005, Curtis Olschansky, 42, was the sole officer and director of the Company. Mr. Olschansky served as AST's President, principal executive officer and interim principal financial officer.

On September 23, 2005, James F. Mongiardo, 60, replaced Mr. Olschansky as sole director and was elected Chief Executive Officer and President of the Company. Mr. Mongiardo served as a director of the Company from September 23, 2005 through April 21, 2006.

Immediately prior to the exchange of ownership with the original stockholders of CardioBioMedical Corporation on April 21, 2006, Mr. Mongiardo resigned and Arthur V. Johnson was appointed to the Board and to serve as President and Secretary.

Arthur V. Johnson's responsibilities include expansion of the company through acquisitions. In addition, Mr. Johnson oversees all corporate governance and any of our reporting requirements. From February 1998 to April 2003, Mr. Johnson was Managing Director of Century Minerals (Pty) Ltd., a resource commodity trading house. Mr. Johnson has over 30 years experience in mining and previously served as a Director with Babcock International Group. Mr. Johnson previously sold his own chrome business to SA Chrome, a public company. Mr. Johnson graduated from the University of Cape Town in 1955 with a Degree in Commerce.

Nick Theunissen has over 15 years experience in strategic planning on a national level. He founded and owned a chrome mine on the Western Chrome Belt and a coalmine at Ermelo in South Africa. He co-founded the ferrochrome smelter SA Chrome & Alloys renamed to Merafe wich is currently owned by Xtrata. Nick also founded Alumicor an alluminium smelter at Pietermaritzburg which were taken over by an Australian group. He then founded ALG Western Oil Ltd. which was purchased by Odyssey Oil & Energy Inc. On August 26, 2008, Nick was appointed Vice-President and Director of Odyssey Oil & Energy Inc.

Summary Compensation Table; Compensation of Executive Officers

The following summary compensation table sets forth all compensation awarded to, earned by, or paid to the named executive officers earned by us during the year December 31, 2008 in all capacities for the accounts of our executives, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO):

SUMMARY COMPENSATION TABLE

| Name and Principal Position | Year | Salary (\$) | Bonus (\$) | Stock Awards (\$) | Option Awards (\$) | Non-Qualified Non-Equity Plan | | All Other Compensation (\$) | Totals (\$) |
|-----------------------------------|------|----------------|---------------|-------------------------|--------------------------|-----------------------------------|------------------------------|-----------------------------------|----------------|
| | | | | | | Incentive Compensation (\$) | Deferred Earnings (\$) | | |
| Arthur Johnson: CEO, CFO | 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nicolaas Theunissen: VP | 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Option Grants Table. There were no individual grants of stock options to purchase our common stock made to the executive officers named in the Summary Compensation Table through December 31, 2008.

Aggregated Option Exercises and Fiscal Year-End Option Value Table. There were no stock options exercised during the year ended December 31, 2008 by the executive officers named in the Summary Compensation Table.

Long-Term Incentive Plan ("LTIP") Awards Table. There were no awards made to the named executive officers in the last completed fiscal year under any LTIP.

Compensation of Directors

Directors are permitted to receive fixed fees and other compensation for their services as directors. The Board of Directors has the authority to fix the compensation of directors. No amounts have been paid to, or accrued to, directors in such capacity.

Employment Agreements

As of December 31, 2008, we do not have an employment agreement in place with our officers and director.

AUDIT COMMITTEE

The Company currently does not have an audit committee; Arthur Johnson has acted and will continue to act as the audit committee of the Board of Directors.

NOMINATIONS

The Board of Directors nominates candidates to stand for election as directors; other candidates also may be nominated by any stockholder, provided that such other nomination(s) are submitted in writing to the Secretary of the Company no later than 90 days prior to the meeting of stockholders at which such directors are to be elected, together with the identity of the nominator and the number of shares of the Company's stock owned, directly or indirectly, by the nominator. Directors are elected at the annual meeting of the stockholders, except for vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by all of the stockholders having the right to vote as a single class (which positions may be filled by the affirmative vote of a majority of the directors then in office, although fewer than a quorum, or by a sole remaining director), and each director elected shall hold office until such director's successor is elected and qualified or until the director's earlier death, resignation or removal. These procedures have not changed since adopted by the Company.

ITEM 11. EXECUTIVE COMPENSATION

The Company has not paid or accrued any compensation to Mr. Arthur Johnson or to Mr. Nicolaas Theunissen.

OPTION AND LONG-TERM INCENTIVE PLANS

The Company has not maintained and currently does not maintain any option or similar equity compensation plans or programs, or any long-term incentive programs or plans, and no current or former officer has ever been granted any stock options or stock appreciation or similar rights.

DIRECTOR COMPENSATION

The Company does not have arrangements, standard or otherwise, pursuant to which directors are compensated for services provided as directors (including as members of committees of the Board of Directors). The directors of the Company have not been and currently are not compensated for their services as directors.

EMPLOYMENT AND RELATED AGREEMENTS

The Company was not a party to any employment or other related agreements.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table shows, as of December 31, 2008, the beneficial ownership of Common Stock of the Company by (i) any person or group who is known to the Company to be the beneficial owner of more than 5% of the Company's Common Stock, (ii) the sole current director of the Company, (iii) the sole named executive officer of the Company, and (iv) all current directors and executive officers as a group.

| Name and Address of | Amount and Nature of | Beneficial Owner | Beneficial Ownership (1) | Percent of class |
|---------------------|----------------------|------------------|--------------------------|------------------|
|---------------------|----------------------|------------------|--------------------------|------------------|

| Name and Address of Beneficial Owners | Amount and Nature of Beneficial Owner(1) | Percent of Class |
|--|--|------------------|
| Bio Oils Trust 17 GR, Xenopoulou Street limosol, Cyprus 3106 | 30,000,000 | 20.9% |
| Daros Limited P.O.Box 363 Rivonia, 2128 South Africa | 17,820,000 | 12.4% |
| Blue Dove Trust P.O.Box 363 Rivonia, 2128 South Africa | 12,000,000 | 8.3% |
| Curtis Olschansky 9700 Via Emilie Boca Raton, FL 33428 | 9,465,000 | 6.6% |
| Gani Investments Limited P.O.Box 54425 Limosol, Cyprus 3724 | 15,000,000 | 10.4% |
| All current directors and executive officers as a group | 0 | 0.00% |

(1) Unless otherwise indicated, each of the persons named in the table above has sole voting and investment power with respect to the shares set forth opposite such person's name. With respect to each person or group, percentages are calculated based on the number of shares beneficially owned, including shares that may be acquired by such person or group within 60 days of December 31, 2008 upon the exercise of stock options, warrants or other purchase rights, but not the exercise of options, warrants or other rights held by any other person.

The Company knows of no arrangement that may result in a change of control.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

During the years ended December 31, 2008 and 2007, a related party advanced an additional \$67,042 and \$108,087, respectively, in payment of operating and oil well development expenses. These advances are unsecured, bear interest at 10% per annum and are due on demand.

During the year ended December 31, 2008, a related party advanced to ALG Bio Oils Ltd, the Company's wholly owned subsidiary, \$21,729 in payment of operating expenses. The loans are non-interest bearing and are due at the discretion of the director.

During 2005, 2006, 2007 and 2008, 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.

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.

During 2003, the Company issued 21,375,000 shares of common stock to its President for services with a fair value of \$712,500.

During 2003, an officer advanced the Company \$15,413 for start-up and operating expenses. The advance is non-interest bearing, unsecured and due on demand.

During 2005, 2004 and 2003, the Company recorded royalty expenses due to a related party of \$150,000, \$187,813 and \$15,625, respectively.

During 2005, a stockholder loaned the Company \$49,656 for working capital. The loan bears interest at 10%, is unsecured and due on demand.

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 (\$0.03 per share) based upon recent market prices of the Company.

During 2005, the Company settled a dispute with a related party. The settlement agreement called for the related party to return 49,500,000 shares of common stock to the company and the company to give back the exclusive rights to the patent. The shares were valued on the date of settlement and the company recorded a loss on the settlement of \$1,065,729.

In January 2003, the Company entered into a licensing agreement with Exerciting, LLC to acquire the exclusive rights associated with a product known as Better Buns. The terms of the licensing agreement provided that the Company would pay Exerciting a royalty of eight percent (8%) of gross revenues derived from the Company's sales of the product and that the Company must achieve certain minimum sales figures on an annual basis or pay minimum royalty payments of fifty thousand dollars (\$50,000) per quarter regardless of sales achieved, and issue 100,000 shares of its common stock to the members of the licensor. Curtis Olschansky, the Company's former principal executive officer and director, is the brother of Brad Olschansky and Scott Olschansky, who are the owners and members of Exerciting, LLC. The Company issued 200,000 shares (after giving effect to the stock split discussed below) to these individuals in January 2003. This agreement was terminated during May 2005.

During October 2003, the Company received non-interest bearing, unsecured, demand working capital loans in the amount of \$5,000 from Mr. Olschansky, its former principal executive officer and director, and \$5,000 from Meredith Dodrill, a significant stockholder. These loans were forgiven in full in connection with the Merger. During May 2005, the Company received a non-interest bearing, unsecured, demand working capital loan of \$5,750 from Mr. Olschansky, its former principal executive officer and director. This loan was forgiven in full in connection with the Merger. Meredith Dodrill, a significant stockholder of the Company, is married to James Dodrill, who served as corporate legal counsel for the Company. Mr. Dodrill also acted as interim President of the Company upon its inception. As of July 31, 2004, Mr. Dodrill was owed \$50,000 for legal services provided to the Company, which amount was forgiven in full in connection with the Merger.

Because of their initiatives in founding and organizing the Company, Mr. and Mrs. Dodrill may both be considered promoters of the Company. Mrs. Dodrill is presently the holder of 3,000,000 shares of our common stock, which were issued in exchange for the forgiveness of expenses payable to Ms. Dodrill totaling \$10,000.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

(A) Audit Fees

The aggregate fees billed for professional services rendered for the audit of annual financial statements included in Form 10-K for the fiscal year ended December 31, 2008 and for the review of quarterly financial statements included in Form 10-QSB for the quarters ended March 31, June 30 and September 30, 2008 were \$9,112.

The aggregate audit fees billed for professional services rendered for the audit of annual financial statements included in Form 10-KSB for the fiscal year ended December 31, 2007 and for the review of quarterly financial statements included in Form 10-QSB for the quarters ended March 31, June 30 and September 30, 2007 were \$12,929.

(B) Audit-Related Fees

None.

(C) Tax Fees

None

(D) All Other Fees

None.

(E) Audit Committee Approval

We currently do not have an audit committee. Arthur Johnson, our president has acted and will continue to act as the audit committee of the Board of Directors. All services performed by our auditor have been pre-approved.

DESCRIPTION OF SECURITIES

The only securities of the Company currently outstanding are shares of its common stock, \$.0001 par value. The Company is authorized to issue 650,000,000 shares of its common stock and 20,000,000 million shares of preferred stock, \$.0001 par value, although no classes or series of preferred stock have been designated. The Board of Directors of the Company is authorized by the Company's Amended and Restated Articles of Incorporation to fix the number and designations, powers, preferences, rights and restrictions of any such class or series of preferred stock.

Holders of the Company's common stock are entitled to one vote per share on each matter submitted to a vote at a meeting of shareholders. Except as otherwise expressly provided by the law of the State of Florida or the Company's Amended and Restated Articles of Incorporation or the resolution of the Board providing for the issue of a series of preferred stock, the holders of the common stock shall possess exclusive voting power for the election of directors and for all other purposes.

Subject to any prior rights to receive dividends to which the holders of shares of any series of preferred stock may be entitled, the holders of shares of common stock shall be entitled to receive dividends if and when declared payable from time to time by the Board of Directors from funds legally available for payment of dividends.

In the event of any dissolution, liquidation or winding up of the Company, whether voluntary or involuntary, after there shall have been paid to the holders of shares of preferred stock the full amounts to which they may be entitled, the holders of the then-outstanding shares of common stock shall be entitled to receive, pro rata, any remaining assets of the Company available for distribution to shareholders. The Board of Directors may distribute in kind to the holders of common stock such remaining assets of the Company or may sell, transfer or otherwise dispose of all or any part of such remaining assets to any other corporation, trust or entity and receive payment in cash, stock or obligations of such other corporation, trust or entity or any combination thereof, and may sell all or any part of the consideration so received, and may distribute the consideration so received or any balance or proceeds of it to holders of common stock. The voluntary sale, conveyance, lease, exchange or transfer of all or substantially all the property or assets of the Company (unless in connection with that event the dissolution, liquidation or winding up of the Company is specifically approved), or the merger or consolidation of the Company into or with any other corporation, or the merger of any other corporation into it, or any purchase or redemption of shares of stock of the Company of any class, is not deemed to be a dissolution, liquidation or winding up of this Corporation for the purposes of the foregoing.

Pursuant to the Company's Amended and Restated Articles of Incorporation, no holder of any shares of the Company of any class now or in the future authorized has any preemptive right (other than such right, if any, as the Board of Directors in its discretion may determine) to purchase or subscribe for any additional issues of shares of the Company of any class now or in the future authorized, any shares of the Company purchased and held as treasury shares, any part paid receipts or allotment certificates in respect of any such shares, any securities convertible into or exchangeable for any such shares, or any warrants or other instruments evidencing rights or options to subscribe for, purchase or otherwise acquire any such shares, whether such shares, receipts, certificates, securities, warrants or other instruments be unissued, or issued and subsequently acquired by the Company. Any such shares, receipts, certificates, securities, warrants or other instruments, in the discretion of the Board, may be offered from time to time to any holder or holders of shares of any class or classes to the exclusion of all other holders of shares of the same or any other class at the time outstanding.

Market Price of and Dividends on the Registrant's Common Equity and Other Shareholder Matters

The Company's common stock was approved for unpriced quotation on the Over-the-Counter Bulletin Board on October 19, 2004. It trades under the symbol OOGI.OB. High and low bid information for the Company's common stock is not currently available.

As of December 31, 2008, there were 45 shareholders of record of our common stock and a total of 143,742,500 shares outstanding.

We have never paid any dividends and do not currently anticipate paying dividends in the future. Any payment of cash dividends in the future will be dependent upon the amount of funds legally available, our earnings, financial condition, capital requirements and other factors that our Board of Directors deems relevant.

There are currently no outstanding options or warrants to purchase, or any securities that are convertible into, our common stock. The single warrant to purchase 6,500,000 shares issued in connection with the CBM Merger was cancelled upon exchange of ownership in CBM with the original stockholders.

The Company does not maintain any option or similar equity compensation plans or programs.

LEGAL PROCEEDINGS

The Company is not a party to any pending legal proceeding.

RECENT SALES OF UNREGISTERED SECURITIES

None

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 11.3 of the Company's Amended and Restated Articles of Incorporation provides that the Company must indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company), by reason of the fact that he/she is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him/her in connection with such action, suit or proceeding. Such indemnification is predicated on the individual having acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his/her conduct was unlawful.

In addition, the Amended and Restated Articles of Incorporation provide that the Company shall indemnify any person who was or is a party or is threatened to be made a party to any threatened pending or completed action or suit by or in the right of the Company to procure a judgment in its favor by reason of the fact that he/she is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him/her in connection with the defense or settlement of such action or suit. Such indemnification is predicated on the individual having acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interests of the Company and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been

adjudged to be liable for negligence or misconduct in the performance of his/her duty to the Company unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

To the extent that a person has been successful on the merits or otherwise in defense of any action, suit or proceeding or in defense of any claim, issue or matter therein, he/she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him/her in connection therewith.

UNREGISTERED SALES OF EQUITY SECURITIES

In connection with the Merger discussed above, the Board of Directors of the Company authorized the issuance of up to 22,077,509 shares of its common stock, \$0.0001 par value (representing 66.5% of the Company's issued and outstanding shares following the Merger), to the stockholders of CBM. Such shares will be exchanged, on a one-for-one basis, for up to 22,077,509 issued and outstanding shares of common stock, \$.01 par value, held by CBM's consenting shareholders. The issuance of stock to U.S. stockholders was made in reliance on the exemption from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 4(2) thereof and to foreign stockholders pursuant to Regulation S promulgated thereunder. Immediately after the closing of the Merger, the Company had 33,175,009 shares of its common stock outstanding assuming conversion of all CardioBioMedical Corporation common shares into registrant's common stock. Pursuant to the terms of the Agreement, the Company also issued a warrant to purchase 6,500,000 shares of its common stock to a warrant holder of CBM in exchange for a CBM warrant representing such holder's right to purchase 6,500,000 shares of CBM common stock. The warrant is not exercisable until January 1, 2008 and will expire on December 31, 2014. The exercise price is \$.01 per share and the warrant is not assignable or transferable by the holder.

On April 21, 2006, our Board of Directors authorized the purchase (the "Purchase") of a ten percent (10%) working interest in an oil exploration project in the BBB Area, Wharton, Texas from Centurion Gold Holdings, Inc., a related public company. Presently, the business operations of BBB Area constitute all of the business operations of the Company. As a result of the Purchase, the Company disposed of CBM and returned to treasury 22,077,509 shares of the issued and outstanding common stock and canceled the warrant to purchase 6,500,000 shares of the Company's common stock at a purchase price of \$.01 per share.

On November 21, 2007 our Board of Directors authorized the purchase (the "Purchase") of one hundred percent of a Uranium Prospect known as Springbok Flats in the Bela Bela District, South Africa. The rights are being held through the company MCA Uranium One (Pty) Ltd a wholly owned subsidiary of Odyssey Oil & Energy, Inc. As a result of the purchase, the Company issued 5,000,000 shares of the Company's common stock.

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. As a result of the Purchase the Company issued 35,000,000 shares of the Company's common stock at a purchase price of \$.01 per share. The Company will issue a further 75,000,000 shares of the Company's common stock at a purchase price of \$.01 per share, on commissioning the pilot plant at Boshhoek.

CHANGES IN CONTROL OF REGISTRANT

Upon the closing of the Merger described above on September 23, 2005, two former stockholders of CBM, James F. Mongiardo and Charles Minutolo, who together owned 95.7% of the issued and outstanding shares of common stock of CBM, became the controlling stockholders of the Company as a result of their ownership of approximately 63.7% of the outstanding shares of common stock the Company following the Merger. The previous controlling stockholders of the Company were Curtis Olschansky (7,000,000 shares or approximately 63%) and Meredith Dodrill (3,000,000 shares or approximately 27%). Messrs. Mongiardo and Minutolo obtained such control through the exchange by them of an aggregate 21,127,500 shares of CBM common stock for an equal number of shares of common stock of AST issued in connection with the Merger.

On April 21, 2006, with the Purchase referred to above, the Company disposed of CBM and returned to treasury 22,077,509 shares of the issued and outstanding common. As a result of the Purchase, Centurion Gold Holdings, Inc. became the controlling stockholder of the Company as a result of their ownership of approximately 64.3% (31.9% as of December 31, 2008) of the outstanding shares of common stock.

There are no other arrangements known to the Company, the operation of which may at a subsequent date result in a change of control of the Company or which relate to the election of directors or other matters.

The Board of Directors of the Company consisted of Arthur Johnson, Nicolaas Theunissen and Luan Theunissen.

Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers

On September 23, 2005 in connection with the Merger described above, the AST Board of Directors accepted the resignation of Curtis Olschansky as President, principal executive officer, principal financial officer and director of the Company and elected James F. Mongiardo to fill the vacancy on the Board. Mr. Mongiardo was also elected to serve as Chief Executive Officer and President of the Company.

Immediately prior to the exchange of ownership with the original stockholders of CardioBioMedical Corporation on April 21, 2006, Mr. Mongiardo resigned and Arthur V. Johnson was appointed to the Board and to serve as President and Secretary. The size of the Company's Board was fixed at one until changed in accordance with applicable law and the Company's Amended and Restated Articles of Incorporation and Bylaws.

Arthur V. Johnson's responsibilities include expansion of the company through acquisitions. In addition, Mr. Johnson oversees all corporate governance and any of our reporting requirements. From February 1998 to April 2003, Mr. Johnson was Managing Director of Century Minerals (Pty) Ltd., a resource commodity trading house. Mr. Johnson has over 30 years experience in mining and previously served as a Director with Babcock International Group. Mr. Johnson previously sold his own chrome business to SA Chrome, a public company. Mr. Johnson graduated from the University of Cape Town in 1955 with a Degree in Commerce.

Mr. Johnson serves as a director of Centurion Gold Holdings, Inc. a reporting company. There are no family relationships among the current director or executive officer (or nominees therefor) of Odyssey. Mr. Johnson is not currently a party to an employment agreement with the Company and has not been a party to any transaction with Odyssey. For more information on related party transactions, see "Certain Relationships and Related Transactions" herein.

On August 26, 2008, Nicolaas Theunissen was appointed to the Board and to serve as Chairman .

ODYSSEY OIL
AND ENERGY,
INC.
(Registrant)

Dated: March 23,
2009

By: /s/ Arthur
Johnson

Arthur Johnson
Principal Executive
Officer,
President, and Chief
Financial Officer

ODYSSEY OIL & ENERGY, INC. & SUBSIDIARIES
(F/K/A ODYSSEY OIL & GAS, INC. & SUBSIDIARIES)
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2008

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

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| PAGES | 6 – 7 | CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 AND FOR THE PERIOD FROM MAY 28, 2003 (INCEPTION) TO DECEMBER 31, 2008 |
| PAGES | 8 - 20 | NOTES TO CONSOLIDATED FINANCIAL STATEMENTS |

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of:
Odyssey Oil & Energy, Inc.
(A Development Stage Company)

We have audited the accompanying consolidated balance sheets of Odyssey Oil & Energy, Inc. (F/K/A Odyssey Oil & Gas, Inc.) and Subsidiaries (the "Company") (a development stage company) as of December 31, 2008 and 2007, and the related statements of operations, changes in stockholders' equity (deficit) and cash flows for the years ended December 31, 2008 and 2007 and for the period from May 28, 2003 (inception) to December 31, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the consolidated financial position of Odyssey Oil & Energy, Inc. and Subsidiaries (a development stage company) as of December 31, 2008 and 2007 and the results of its operations and its cash flows for the years ended December 31, 2008 and 2007 and for the period from May 28, 2003 (inception) to December 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 10 to the consolidated financial statements, the Company is in the development stage with a net loss since inception of \$30,873,295, a stockholders' deficit of \$323,643, a working capital deficiency of \$641,507, and net cash used in operations of \$1,178,974 since inception. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans concerning these matters are also described in Note 10. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

WEBB & COMPANY, P.A.
Certified Public Accountants

Boynton Beach, Florida
March 18, 2009

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

| | As of December 31, | |
|---|--------------------|---------------|
| | 2008 | 2007 |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 1,196 | \$ 450 |
| Total Current Assets | 1,196 | 450 |
| Property & Equipment, net | 1,000 | - |
| TOTAL ASSETS | \$ 2,196 | \$ 450 |
| LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 327,208 | \$ 87,085 |
| Loans payable and accrued interest - related parties | 315,495 | 208,898 |
| Total Liabilities | 642,703 | 295,983 |
| COMMITMENTS & CONTINGENCIES | | |
| NON-CONTROLLING INTEREST | (316,864) | - |
| STOCKHOLDERS' EQUITY (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, 143,742,500 and 108,292,500 shares issued and outstanding, respectively | 14,375 | 10,830 |
| Additional paid-in capital | 26,786,251 | 4,710,296 |
| Accumulated deficit during development stage | (27,127,703) | (5,016,659) |
| Accumulated other comprehensive income | 3,434 | - |
| Total Stockholders' Equity (Deficit) | (323,643) | (295,533) |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | \$ 2,196 | \$ 450 |

See accompanying notes to consolidated financial statements.

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

| | For the Period from For the Year Ended December 31, May 28, 2003 (Inception) 2008 2007 to December 31, 2008 | | |
|---|---|----------------|-----------------|
| REVENUE | \$ - | \$ 7,450 | \$ 26,695 |
| OPERATING EXPENSES | | | |
| Drilling costs and expenses | - | 51,886 | 51,886 |
| General and administrative | 403,562 | 25,437 | 457,134 |
| Professional fees | 34,975 | 34,051 | 139,963 |
| Amortization | - | 18,668 | 33,400 |
| Impairment of investment in oil and gas leases | - | 247,931 | 247,931 |
| Impairment of bio-fuels plant development contract | 21,717,235 | - | 21,717,235 |
| Impairment of investment in uranium mine | 250,000 | - | 250,000 |
| Acquisition costs | - | 4,250,000 | 4,250,000 |
| Total Operating Expenses | 22,405,772 | 4,627,973 | 27,147,549 |
| LOSS FROM CONTINUING OPERATIONS | (22,405,772) | (4,620,523) | (27,120,854) |
| OTHER INCOME (EXPENSE) | | | |
| Interest income | 4 | - | 2,793 |
| Interest expense | (22,140) | (14,895) | (45,337) |
| Non-controlling interest | 316,864 | - | 316,864 |
| Total Other Income (Expense) | 294,728 | (14,895) | 274,320 |
| LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | (22,111,044) | (4,635,418) | (26,846,534) |
| Provision for Income Taxes | - | - | - |
| LOSS FROM CONTINUING OPERATIONS | (22,111,044) | (4,635,418) | (26,846,534) |
| LOSS FROM DISCONTINUED OPERATIONS | - | - | (4,026,761) |
| NET LOSS | (22,111,044) | (4,635,418) | (30,873,295) |
| OTHER COMPREHENSIVE INCOME | | | |
| Foreign currency translation gain | 3,434 | - | 3,434 |
| COMPREHENSIVE LOSS | \$ (22,107,610) | \$ (4,635,418) | \$ (30,869,861) |
| LOSS PER COMMON SHARE - BASIC AND DILUTED | | | |
| Net loss per share - Basic and Diluted | \$ (0.17) | \$ (0.05) | |
| | 127,590,860 | 94,977,432 | |

Weighted average number of shares outstanding during the
year - Basic and Diluted

See accompanying notes to consolidated financial statements.

3

ODYSSEY OIL & ENERGY, INC. & SUBSIDIARIES
(F/K/A ODYSSEY OIL & GAS, INC. & SUBSIDIARIES)
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE PERIOD FROM MAY 28, 2003 (INCEPTION) TO DECEMBER 31, 2008

| | 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 consultant 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 consolidated financial statements.

ODYSSEY OIL & ENERGY, INC. & SUBSIDIARIES
(F/K/A ODYSSEY OIL & GAS, INC. & SUBSIDIARIES)
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE PERIOD FROM MAY 28, 2003 (INCEPTION) TO DECEMBER 31, 2008 (CONTINUED)

| | Preferred Stock Shares | Amount | Common Stock Shares | Amount | Additional Paid-In Capital | Accumulated Deficit During Development Stage | Accumulated Other Comprehensive Income | 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) |

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| | | | | | | | | | |
|--|---|------|-------------|-----------|---------------|-----------------|----------|------|--------------|
| Balance, December 31, 2007 | - | - | 108,292,500 | 10,830 | 4,710,296 | (5,016,659) | - | - | (295,533) |
| 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 consolidated financial statements.

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

For the Period from
For the Year Ended December 31, May 28, 2003 (Inception)
2008 2007 to December 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:

| | | | |
|---|-----------------|------------------|--------------------|
| Net loss | \$ (22,111,044) | \$ (4,635,418) | \$ (30,873,295) |
| Net loss from discontinued operations | - | - | (4,026,761) |
| Loss from continuing operations | (22,111,044) | (4,635,418) | (26,846,534) |
| Adjustments to reconcile net loss to net cash used in Operating Activities: | | | |
| In-kind contribution | 12,000 | 12,000 | 33,000 |
| Stock issued for services | 367,500 | - | 367,500 |
| Amortization | - | 18,668 | 33,400 |
| Impairment of investment in oil and gas leases | - | 247,931 | 247,931 |
| Impairment of bio-fuels plant development contract | 21,717,235 | - | 21,717,235 |
| Impairment of investment in uranium mine | 250,000 | - | 250,000 |
| Acquisition costs | - | 4,250,000 | 4,250,000 |
| Non-controlling interest | (316,864) | - | (316,864) |
| Changes in operating assets and liabilities: | | | |
| Decrease in accounts receivable | - | 7,843 | - |
| Increase (decrease) in accounts payable and accrued expenses | 12,263 | (8,661) | 119,381 |
| Cash flows from operating activities in continuing operations | (68,910) | (107,637) | (144,951) |
| Cash flows from operating activities in discontinued operations | - | - | (1,034,023) |
| Net Cash Used In Operating Activities | (68,910) | (107,637) | (1,178,974) |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | | | |
|---|--------------|----------|------------------|
| Purchase of property and equipment | - | - | (116,331) |
| Purchase of website | (1,000) | - | (1,000) |
| Acquisition of ALG Bio Oils Ltd. net of cash purchased | 180 | - | 180 |
| Cash flows from investing activities in continuing operations | (820) | - | (117,151) |
| Cash flows from investing activities in discontinued operations | - | - | - |
| Net Cash Used In Investing Activities | (820) | - | (117,151) |

CASH FLOWS FROM FINANCING ACTIVITIES:

| | | | |
|---|--------|---------|-----------|
| Repayment of stockholder's loans | - | - | (609) |
| Proceeds from loans payable - related parties | 67,042 | 108,087 | 251,378 |
| Cash flows from financing activities in continuing operations | 67,042 | 108,087 | 250,769 |
| Cash flows from financing activities in discontinued operations | - | - | 1,043,118 |

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| | | | |
|--|--------|---------|-----------|
| Net Cash Provided By Financing Activities | 67,042 | 108,087 | 1,293,887 |
| EFFECT ON EXCHANGE RATE ON CASH | 3,434 | - | 3,434 |
| NET INCREASE IN CASH | 746 | 450 | 1,196 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 450 | - | - |
| CASH AND CASH EQUIVALENTS AT END OF YEAR \$ | 1,196 | \$ 450 | \$ 1,196 |

See accompanying notes to consolidated financial statements.

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

For the Period from
For the Year Ended December 31, 2008 May 28, 2003 (Inception)
2008 2007 to December 31, 2008

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:

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

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 consolidated financial statements.

ODYSSEY OIL & ENERGY, INC. & SUBSIDIARIES
(F/K/A ODYSSEY OIL & GAS, INC. & SUBSIDIARIES)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION

(A) Organization and Basis of Presentation

Odyssey Oil & Energy, Inc. (F/K/A Odyssey Oil & Gas, Inc. and previously Advanced Sports Technologies, Inc) is a Florida corporation incorporated on August 9, 2001. Effective September 20, 2008, the Articles of Incorporation were amended to change the name of the corporation to Odyssey Oil & Energy, Inc. Through its acquisition of Uranium Acquisition Corp. Inc., the Company owns a 49% interest in a South African company which owns a non-operating uranium mine in the Bela Bela district in South Africa (Note 2). Through its acquisition of ALG Bio Oils Ltd., the Company wholly owns a South African company that has a preferred contract with a company to develop a commercial bio-fuels plant (Note 2). The Company's investment in its 10% working interest in oil and gas leases was expensed during the year ended December 31, 2007 as the gas well was plugged and abandoned at the recommendation of the operator (Note 3).

(B) Principles of Consolidation

The financial statements for 2008 include the accounts of Odyssey Oil & Energy, Inc., Uranium Acquisition Corp., Inc. ("Uranium") (a development stage company), whose sole asset is a 49% interest, acquired November 20, 2007, in MCA Uranium One (Pty) Limited, and ALG Bio Oils Ltd. (a development stage company), acquired June 16, 2008. All inter-company accounts during the period of consolidation have been eliminated.

The financial statements for 2007 include the accounts of Odyssey Oil & Energy, Inc. and its 49% interest in Uranium from November 20, 2007 (Date of Acquisition)

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.

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

As a result of the transaction referred to in Note 4 (D), Centurion Gold Holdings, Inc., a related public company, owns approximately 42% of the Company (55% as of December 31, 2007).

ODYSSEY OIL & ENERGY, INC. & SUBSIDIARIES
(F/K/A ODYSSEY OIL & GAS, INC. & SUBSIDIARIES)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

(C) Website Development Costs

The Company has adopted the provisions of EITF 00-2, "Accounting for Web Site Development Costs." Costs incurred in the planning stage of a website are expensed while costs incurred in the development stage are capitalized and amortized over the estimated three-year life of the asset. For the period ended December 31, 2008 and 2007, the Company paid \$1,000 and \$0, respectively, to develop its website.

(D) Fair Value of Financial Instruments

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

(E) Revenue Recognition

Revenue from its interest in the oil and gas leases was recognized when production was sold to a purchaser at a fixed or determinable price, when delivery had occurred and title had transferred and collectability of the revenue was probable.

(F) Income Taxes

The Company accounts for income taxes under the Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("Statement 109"). Under Statement 109, 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 Statement 109, 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.

(G) Loss Per Share

Basic and diluted net loss per common share is computed based upon the weighted average common shares outstanding as defined by Financial Accounting Standards No. 128, "Earnings Per Share." As of December 31, 2008 and 2007, there were no common stock equivalents.

ODYSSEY OIL & ENERGY, INC. & SUBSIDIARIES
(F/K/A ODYSSEY OIL & GAS, INC. & SUBSIDIARIES)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

(H) 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.

(I) 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.

(J) 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.

(K) Impairment

The Company accounts for any impairment in accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("Statement 142"). Under Statement 142, 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.

(L) 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).

ODYSSEY OIL & ENERGY, INC. & SUBSIDIARIES
(F/K/A ODYSSEY OIL & GAS, INC. & SUBSIDIARIES)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

(M) Recent Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board (FASB) issued SFAS No. 160, “Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51”. This statement improves the relevance, comparability, and transparency of the financial information that a reporting entity provides in its consolidated financial statements by establishing accounting and reporting standards that require; the ownership interests in subsidiaries held by parties other than the parent and the amount of consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the consolidated statement of income, changes in a parent’s ownership interest while the parent retains its controlling financial interest in its subsidiary be accounted for consistently, when a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary be initially measured at fair value, entities provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS No. 160 affects those entities that have an outstanding noncontrolling interest in one or more subsidiaries or that deconsolidate a subsidiary. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Early adoption is prohibited. The adoption of this statement is not expected to have a material effect on the Company's financial statements.

In March 2008, the FASB issued SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133” (SFAS 161). This statement is intended to improve transparency in financial reporting by requiring enhanced disclosures of an entity’s derivative instruments and hedging activities and their effects on the entity’s financial position, financial performance, and cash flows. SFAS 161 applies to all derivative instruments within the scope of SFAS 133, “Accounting for Derivative Instruments and Hedging Activities” (SFAS 133) as well as related hedged items, bifurcated derivatives, and nonderivative instruments that are designated and qualify as hedging instruments. Entities with instruments subject to SFAS 161 must provide more robust qualitative disclosures and expanded quantitative disclosures. SFAS 161 is effective prospectively for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application permitted. The adoption of this statement is not expected to have a material effect on the Company's financial statements.

In May 2008, the FASB issued SFAS No. 162, “The Hierarchy of Generally Accepted Accounting Principles.” SFAS No. 162 identifies the sources of accounting principles and provides entities with a framework for selecting the principles used in preparation of financial statements that are presented in conformity with GAAP. The current GAAP hierarchy has been criticized because it is directed to the auditor rather than the entity, it is complex, and it ranks FASB Statements of Financial Accounting Concepts, which are subject to the same level of due process as FASB Statements of Financial Accounting Standards, below industry practices that are widely recognized as generally accepted but that are not subject to due process. The Board believes the GAAP hierarchy should be directed to entities because it is the entity (not its auditors) that is responsible for selecting accounting principles for financial statements that are presented in conformity with GAAP.

ODYSSEY OIL & ENERGY, INC. & SUBSIDIARIES
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The adoption of FASB 162 is not expected to have a material impact on the Company's financial position.

In May 2008, the FASB issued SFAS No. 163, "Accounting for Financial Guarantee Insurance Contracts-an interpretation of FASB Statement No. 60." Diversity exists in practice in accounting for financial guarantee insurance contracts by insurance enterprises under FASB Statement No. 60, Accounting and Reporting by Insurance Enterprises. This results in inconsistencies in the recognition and measurement of claim liabilities. This Statement requires that an insurance enterprise recognize a claim liability prior to an event of default (insured event) when there is evidence that credit deterioration has occurred in an insured financial obligation. This Statement requires expanded disclosures about financial guarantee insurance contracts. The accounting and disclosure requirements of the Statement will improve the quality of information provided to users of financial statements. The adoption of FASB 163 is not expected to have a material impact on the Company's financial position.

NOTE 2

ACQUISITIONS

(A) Bio-Fuels Company

On June 16, 2008, the Company acquired 100% of the outstanding common shares of ALG Bio Oils Ltd., a Cyprus development stage company through a share purchase agreement. ALG Bio Oils Ltd. owns 100% of the outstanding shares of ALG Western Oil (Pty) Ltd., a South African company that has a preferred contract with a company to develop a commercial bio-fuels plant. The Company issued 35 million restricted common shares with a fair value of \$21,700,000. An additional 75 million restricted common shares are contingent upon the occurrence of future specific events (Note 9). The following summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition:

| | | |
|------------------------------|-----------|-------------------|
| Cash | \$ | 180 |
| Intangible asset | | 21,717,235 |
| Total Assets Acquired | | 21,717,415 |
| Loans payable | | (17,415) |
| Net Assets Acquired | \$ | 21,700,000 |

The intangible asset was assigned to the bio-fuels plant development contract. Because of the uncertainty of completion and success of the project and the uncertainty of the Company to successfully raise funds for this project, the intangible asset was impaired during the year ended December 31, 2008.

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(B) Mining Company

On November 20, 2007, the Company acquired 100% of the outstanding common shares of Uranium Acquisition Corp., Inc., a Florida development stage company through a share purchase agreement. Uranium Acquisition Corp., Inc. owns a 49% interest in MCA Uranium One (Pty) Limited, a South African company which owns a non-operating uranium mine in the Bela Bela district in South Africa. The share purchase agreement also requires each shareholder to provide funding based on the shareholders' percentage of the pro rata amount of shares held based on the future funding requirements of Uranium. If a shareholder does not provide the required loans, the agreement gives the remaining shareholders the right to force the sale of shares held by the non-compliant shareholder.

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). Under SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" and SEC Industry Guide 7, "Description of Property by Issuers Engaged or to be Engaged in Significant Mining Operations," the purchase price has been expensed as acquisition costs. In addition, during the year ended December 31, 2008, the Company incurred other costs related to its investment totaling \$250,000. These additional costs have been impaired as the Company has determined that there are no commercially minable deposits. (See Note 9).

NOTE 3 INVESTMENT IN OIL AND GAS LEASES

On April 21, 2006, the Company issued 20 million shares of common stock to purchase a 10% working interest in oil and gas leases in Texas for \$165,000 (\$.008 per share) from Centurion Gold Holdings, Inc., a related public company. The investment was recorded at historical cost equal to the amount recorded by Centurion Gold Holdings, Inc. The investment was being accounted for under the cost method of accounting.

During the year ended December 31, 2007, the unamortized cost of the investment in oil and gas leases of \$247,931 was expensed as the gas well was plugged and abandoned at the recommendation of the operator.

NOTE 4 LOANS PAYABLE – RELATED PARTY

During the years ended December 31, 2008 and 2007, a related party advanced an additional \$62,728 and \$108,087, respectively, in payment of operating and oil well development expenses. These advances, totaling \$251,593 and \$188,865 as of December 31, 2008 and 2007, respectively, are unsecured, bear interest at 10% per annum and are due on demand. Accrued interest for loans payable – related party was \$42,173 and \$20,033 as of December 31, 2008 and 2007, respectively. Subsequent to December 31, 2008, an additional \$10,000 in payment of operating expenses was advanced. (See Notes 6 and 11).

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During the year ended December 31, 2008, a related party advanced to ALG Bio Oils Ltd, the Company's wholly owned subsidiary, \$4,314 in payment of operating expenses and the Company assumed as part of the acquisition of ALG Bio Oils Ltd. \$17,235 of notes payable. As of December 31, 2008, the balance of \$21,279 is non-interest bearing and is due at the discretion of the director. Subsequent to December 31, 2008, an additional \$2,000 was advanced. (See Notes 6 and 11).

NOTE 5

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 (\$0.033 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.

(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.

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 \$0.033 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.

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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.

(C) In-Kind Contribution

During the years ended December 31, 2008 and 2007, 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. (See Note 2).

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NOTE 6 RELATED PARTY TRANSACTIONS

See Notes 4 and 5.

NOTE 7 INCOME TAXES

Income tax expense (benefit) for the periods ended December 31, 2008 and 2007 is summarized as follows:
To Do

| | 2008 | 2007 |
|-------------------------------------|-------------|-------------|
| Current: | | |
| Federal | \$ - | \$ - |
| State | - | - |
| Deferred - Federal and State | - | - |
| Income tax expense (benefit) | \$ - | \$ - |

The Company's tax expense differs from the "expected" tax expense for the periods ended December 31, 2008 and 2007 as follows:

| | 2008 | 2007 |
|---|----------------|----------------|
| U.S. Federal income tax expense (benefit) | \$ (7,517,755) | \$ (1,576,042) |
| State income tax expense (benefit) | (802,631) | (168,266) |
| Permanent difference | (114,720) | 1,603,791 |
| Impairment | 168,836 | 93,296 |
| Effect on net operating loss carryforward | 8,266,270 | 47,221 |
| | \$ - | \$ - |

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities at December 31, 2008 and 2007 are as follows:

| | 2008 | 2007 |
|---------------------------------|-------------|-------------|
| Deferred tax assets: | | |
| Net operating loss carryforward | \$ 238,008 | \$ 69,173 |
| Total gross deferred tax assets | 238,008 | 69,173 |
| Less valuation allowance | (238,008) | (69,173) |
| Net deferred tax assets | \$ - | \$ - |

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At December 31, 2008, the Company had a net operating loss carryforward of approximately \$632,400 for U.S. Federal income tax purposes available to offset future taxable income expiring through 2028. All other losses incurred by the Company prior to the change in control are not available due to Internal Revenue Code Section 382 which restricts the deductibility of prior net operating losses where there has been a change in control. The net change in the valuation allowance during the year ended December 31, 2008 was an increase of \$68,836.

NOTE 8 DISCONTINUED OPERATIONS

On April 21, 2006, the ownership of CardioBioMedical Corporation was exchanged for 66,232,527 shares of Odyssey common stock to the original stockholders. Accordingly, all amounts relating to the operations of CardioBioMedical Corporation have been reflected as discontinued operations. The net book value of assets and liabilities of CardioBioMedical Corporation was recorded as a distribution on the date of exchange. The loss from discontinued operations was equal to operating expenses of CardioBioMedical Corporation.

NOTE 9 COMMITMENTS AND CONTINGENCIES

Purchase Agreements

Uranium Acquisition Corp.

During November 2007, the Company signed an agreement under which it acquired 100% of the outstanding shares of Uranium Acquisition Corp., Inc. ("Uranium"), a Florida corporation. The agreement called for the Company to issue 15 million shares of Company stock upon signing of the agreement. The agreement also calls for the Company to issue 30 million shares upon approval of a mining license. In addition, the agreement calls for the Company to deliver 75 million shares of common stock, within 18 months of the signature of the agreement, upon the proving up of uranium reserves being substantially the same as per the "Summary of Geological Area and Write up" presented by Mineral Capital Assets.

The agreement requires each shareholder to provide funding based on the shareholders' percentage of the pro rata amount of shares held based on the future funding requirements of Uranium. If a shareholder does not provide the required loans, the agreement gives the remaining shareholders the right to force the sale of shares held by the non-compliant shareholder. The agreement gives the controlling interest shareholders the right of first refusal on any shares held by the Company at a price to be determined by the shareholders. As of December 31, 2008, no uranium reserves have been proven and no additional shares are due under the agreement, however during the year ended December 31, 2008, the Company incurred other costs related to its investment totaling \$250,000. These additional costs have been impaired as the Company has determined that there are no commercially minable deposits (See Note 2(B)).

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ALG Bio Oils Ltd.

During June 2008, the Company signed an agreement under which it acquired 100% of the outstanding shares of ALG Bio Oils Ltd. (Note 2 (A)). The agreement called for the Company to issue 35 million shares of Company stock upon signing of the agreement. The agreement also calls for the Company to issue an additional 25 million shares upon each of the following events:

1. The successful commissioning of a bio-fuels pilot plant,
2. The ordering of a commercial bio-fuels plant, and
3. The commissioning of a commercial bio-fuels plant.

As of December 31, 2008, none of the required events have been completed and no additional shares are due under the agreement.

NOTE 10

GOING CONCERN

As reflected in the accompanying financial statements, the Company is in the development stage with a net loss since inception of \$30,873,295, a stockholders' deficit of \$323,643, a working capital deficiency of \$641,507 and net cash used in operations of \$1,178,974 since 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 execute its plan of operations and continue as a going concern.

NOTE 11

SEGMENT REPORTING

The accounting policies of the segments are the same as those described in "Organization and Basis of Presentation" above. The Company's business is currently conducted principally in South Africa. As of December 31, 2008 and 2007, the Company had \$598 and \$0, respectively, of assets located in South Africa.

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The following table summarizes segment information:

| | Bio-fuels | Other | Consolidated |
|-------------------------------------|---------------|------------|---------------|
| Year Ended December 31, 2008 | | | |
| Impairment expense | \$ 21,717,235 | \$ 250,000 | \$ 21,967,235 |
| Purchase of property and equipment | - | (1,000) | (1,000) |
| Net Loss | (21,724,198) | (386,846) | (22,111,044) |
| Total Assets | | | |
| | 593 | 1,603 | 2,196 |
| Total Liabilities | | | |
| | 21,729 | 620,974 | 642,703 |

NOTE 12

VARIABLE INTEREST ENTITIES

In December 2003, the FASB issued a revision to Interpretation No. 46, “Consolidation of Variable Interest Entities” (“FIN No. 46R”), which was originally issued in January 2003. FIN No. 46R provides guidance on the consolidation of certain entities when control exists through means other than ownership of voting (or similar) interests and was effective for public entities that have interests in variable interest entities commonly referred to as special purpose entities for the first reporting period that ends after March 15, 2004. FIN No. 46R requires consolidation by the majority holder of expected residual gains and losses of the activities of a variable interest entity (“VIE”).

As of November 20, 2007, the Company owns a 49% interest in MCA through its acquisition of Uranium Acquisition Corp, Inc. The Company has agreed to provide financial support to MCA to fund all exploration costs up to the point of proving the existence of ore.

The Company has concluded that MCA meets the definition of a VIE because MCA is dependent on the Company for its funding and has been consolidated with the Company.

The effect of the VIE’s consolidation on the Company’s consolidated balance sheet at December 31, 2008, was an increase in the Company’s assets of \$5 and an increase in the Company’s liabilities of \$620,934. The Company also recognized non-controlling income of \$316,864 for the year ended December 31, 2008.

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NOTE 13

SUBSEQUENT EVENTS

Subsequent to December 31, 2008, an additional \$10,000 was advanced by a related party. These advances are unsecured, bear interest at 10% per annum and are due on demand (Note 4).

Subsequent to December 31, 2008, an additional \$2,000 was advanced to ALG Bio Oils Ltd, the Company's wholly owned subsidiary, by a related party. The loans are non-interest bearing and are due at the discretion of the director (Note 4).

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