

Odyssey Oil & Gas, Inc.
Form 10QSB
July 27, 2007

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

FORM 10-QSB

(Mark One)

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

For the quarterly period ended June 30, 2007

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

For the transition period from _____ to _____

Commission file Number 333-106299

ODYSSEY OIL AND GAS, INC

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

ADVANCED SPORTS TECHNOLOGIES, INC.
(Former Name of Registrant)

FLORIDA
(State or other jurisdiction of incorporation
or organization)

65-1139235
(IRS Employer Identification No.)

5005 Riverway, Suite 440
Houston, TX 77056
Address of Principal Executive Offices

(713) 623-2219

(Issuer's telephone number)

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

Yes ☒ No ☐

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

The number of shares of the registrant's common stock, par value \$0.0001 per share, outstanding as of July 14, 2007 was 31,097,500 shares.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements and Condensed Notes - Quarter Ended June 30, 2007

Item 2. Management's Discussion and Analysis or Plan of Operation

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FORWARD LOOKING STATEMENT

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

These forward-looking statements are based on beliefs of our management as well as current expectations, projections, assumptions and information currently available to the Company and are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or those anticipated or implied by such forward-looking statements. Should one or more of those risks or uncertainties materialize or should underlying expectations, projections and assumptions prove incorrect, actual results may vary materially from those described. Those events and uncertainties are difficult to predict accurately and many are beyond our control. We assume no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date of these statements except as specifically required by law.

Accordingly, past results and trends should not be used to anticipate future results or trends.

ODYSSEY OIL & GAS, INC.
(A DEVELOPMENT STAGE COMPANY)

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ODYSSEY OIL & GAS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONDENSED BALANCE SHEET
AS OF JUNE 30, 2007
(UNAUDITED)

ASSETS

CURRENT ASSETS

Cash	\$ 7,450
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INVESTMENT IN OIL AND GAS LEASES - NET	88,215
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<u>TOTAL ASSETS</u>	\$ 95,665
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LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 78,789
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Loans payable - related party	143,827
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Total Current Liabilities	222,616
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STOCKHOLDERS' EQUITY (DEFICIT)

Preferred stock, \$0.0001 par value, 20,000,000 shares authorized, none issued and outstanding	-
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Common stock, \$0.0001 par value, 250,000,000 shares authorized, 31,097,500 shares issued and outstanding	3,110
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Additional paid-in capital	462,016
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Accumulated deficit during development stage	(592,077)
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Total Stockholders' Equity (Deficit)	(126,951)
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

\$ 95,665

See accompanying notes to condensed financial statements.

ODYSSEY OIL & GAS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended June 30, 2007	For the Three Months Ended June 30, 2006	For the Six Months Ended June 30, 2007	For the Six Months Ended June 30, 2006	For The Period From May 28, 2003 (Inception) To June 30, 2007
REVENUE	\$ 2,660	\$ -	\$ 7,450	\$ -	\$ 26,695
OPERATING EXPENSES					
General and administrative	\$ 5,359	\$ 10,127	\$ 12,672	10,127	\$ 40,807
Professional fees	2,943	13,739	20,909	18,734	91,846
Amortization	15,324	-	18,668	-	33,400
Impairment of investment in oil and gas leases	159,716	-	159,716	-	122,000
Total Operating Expenses	183,342	23,866	211,965	28,861	325,769
LOSS FROM CONTINUING OPERATIONS	(180,682)	(23,866)	(204,515)	(28,861)	(299,074)
OTHER INCOME (EXPENSE)					
Interest income	-	-	-	-	2,789
Interest expense	(3,555)	-	(6,321)	(969)	(14,623)
Total Other (Expense)	(3,555)	-	(6,321)	(969)	(11,834)
LOSS BEFORE DISCONTINUED OPERATIONS	(184,237)	(23,866)	(210,836)	(29,830)	(310,908)
LOSS FROM DISCONTINUED OPERATIONS	-	-	-	(70,500)	(4,026,761)
LOSS BEFORE PROVISION FOR INCOME TAXES	(184,237)	(23,866)	(210,836)	(100,330)	(4,337,669)
Provision for income taxes	-	-	-	-	-
NET LOSS	\$ (184,237)	\$ (23,866)	\$ (210,836)	\$ (100,330)	\$ (4,337,669)
LOSS PER COMMON SHARE - BASIC AND DILUTED					
Continuing operations	\$ -	\$ -	\$ -	\$ -	\$ -
Discontinued operations	-	-	-	-	(0.15)
Net loss per share - basic and diluted	\$ -	\$ -	\$ -	\$ -	(0.15)

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Weighted average number of shares outstanding during the period - basic and diluted	31,097,500	31,576,925	31,097,500	32,371,552	29,398,030
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See accompanying notes to condensed financial statements.

ODYSSEY OIL & GAS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONDENSED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE PERIOD FROM MAY 28, 2003 (INCEPTION) TO JUNE 30, 2007
(UNAUDITED)

	Preferred Stock		Common Stock		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Paid-In Capital	Deficit During Development Stage	
Common stock issued to founders for cash (\$0.10 per share)	-	\$ -	2,500	\$ 1	\$ 249	\$ -	250
Common stock issued for license (\$0.10 per share)	-	-	16,500,000	1,650	1,648,350	-	1,650,000
Common stock issued to officer as compensation (\$0.10 per share)	-	-	7,125,000	713	711,787	-	712,500
Common stock issued for cash (\$0.10 per share)	-	-	800,000	80	79,920	-	80,000
Common stock issued for cash (\$0.45 per share)	-	-	277,778	28	124,972	-	125,000
Common stock issued to consultant for services (\$0.10 per share)	-	-	8,200,000	820	819,180	-	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	-	-	32,905,278	3,292	3,384,458	(1,737,805)	1,649,945
Common stock issued for cash (\$0.45 per share)	-	-	672,231	66	302,437	-	302,503
Net loss, 2004	-	-	-	-	-	(551,203)	(551,203)
Balance, December 31, 2004	-	-	33,577,509	3,358	3,686,895	(2,289,008)	1,401,245
Common stock cancelled related to license rights (\$0.03 per share)	-	-	(16,500,000)	(1,650)	(493,350)	-	(495,000)

See accompanying notes to condensed financial statements.

ODYSSEY OIL & GAS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONDENSED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE PERIOD FROM MAY 28, 2003 (INCEPTION) TO JUNE 30, 2007
(UNAUDITED)

	Preferred Stock		Common Stock		Additional	Accumulated	
	Shares	Amount	Shares	Amount	Paid-In Capital	Deficit During Development Stage	Total
Common stock issued to officer for services (\$0.03 per share)	-	-	5,000,000	500	149,500	-	150,000
Shares issued in reverse merger	-	-	11,097,500	1,110	(1,110)	-	-
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	-	-	33,175,009	3,318	3,497,173	(3,985,997)	(485,506)
In-kind contribution	-	-	-	-	12,000	-	12,000
Common stock cancelled in connection with exchange of ownership in CardioBioMedical Corporation to its original stockholders	-	-	(22,077,509)	(2,208)	(3,216,157)	3,745,592	527,227
Common stock issued to purchase investment in oil and gas leases	-	-	20,000,000	2,000	163,000	-	165,000
Net loss, 2006	-	-	-	-	-	(140,836)	(140,836)
Balance, December 31, 2006	-	-	31,097,500	3,110	456,016	(381,241)	77,885
In-kind contribution	-	-	-	-	6,000	-	6,000
						(210,836)	(210,836)

Net loss during the six
months ended June 30, 2007

BALANCE, JUNE 30,

2007 - \$ - 31,097,500 \$ 3,110 \$ 462,016 \$ (592,077)\$ (126,951)

See accompanying notes to condensed financial statements.

ODYSSEY OIL & GAS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Six Months Ended June 30, 2007	For the Six Months Ended June 30, 2006	For The Period From May 28, 2003 (Inception) To June 30, 2007
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (210,836)	\$ (100,330)	\$ (4,337,669)
Net loss from discontinued operations	-	(70,500)	(4,026,761)
Loss from continuing operations	(210,836)	(29,830)	(310,908)
Adjustments to reconcile net loss to net cash used in operating activities:			
In-kind contribution	6,000	3,000	15,000
Amortization	18,668	-	33,400
Impairment of investment in oil and gas leases	159,716	-	159,716
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	7,843	-	-
Increase (decrease) in accounts payable and accrued expenses	(31,852)	43,406	78,789
Cash flow from operating activities in continuing operations	(50,461)	16,576	(24,003)
Cash flow from operating activities in discontinued operations	-	(81,846)	(1,034,023)
Net Cash Used In Operating Activities	(50,461)	(65,270)	(1,058,026)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	-	-	(116,331)
Cash flows from investing activities in continuing operations	-	-	(116,331)
Cash flows from investing activities in discontinued operations	-	-	-
Net Cash Used In Investing Activities	-	-	(116,331)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of stockholder's loans	-	-	(609)
Loans payable - related party	57,911	63,572	144,436
Cash flows from financing activities in continuing operations	57,911	63,572	143,827
Cash flows from financing activities in discontinued operations	-	-	1,037,980
Net Cash Provided By Financing Activities	57,911	63,572	1,181,807
NET INCREASE (DECREASE) IN CASH	7,450	(1,698)	7,450

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CASH AND CASH EQUIVALENTS AT BEGINNING
OF PERIOD

- 1,698 -

CASH AND CASH EQUIVALENTS AT END OF
PERIOD

\$ 7,450 \$ - \$ 7,450

See accompanying notes to condensed financial statements.

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ODYSSEY OIL & GAS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Six Months Ended June 30, 2007	For the Six Months Ended June 30, 2006	For The Period From May 28, 2003 (Inception) To June 30, 2007
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SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for income taxes	\$ -	\$ 456	\$ 1,368
Cash paid for interest	\$ -	\$ -	\$ -

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

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 from a related public company.

On April 21, 2006, the Company exchanged all of its ownership in CardioBioMedical Corporation to the original stockholders for 22,077,509 common shares of Odyssey and the warrant issued to purchase 6,500,000 shares of the Company's common stock was cancelled.

During 2003, the Company issued 16,500,000 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 16,500,000 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 6,500,000 of its common shares at \$0.01 for the non-exclusive rights to the bio-cybernetic technology and frequency analysis technology valued at \$143,238.

See accompanying notes to condensed financial statements.

ODYSSEY OIL & GAS, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED FINANCIAL STATEMENTS
AS OF JUNE 30, 2007
(UNAUDITED)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION

(A) Basis of Presentation

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

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

For further information, refer to the financial statements and footnotes included in the Company's Form 10-KSB for the year ended December 31, 2006.

The financial statements for 2006 include the accounts of Odyssey Oil & Gas, Inc. (F/K/A Advanced Sports Technologies, Inc.) and CardioBioMedical Corporation (a development stage company). On April 21, 2006, the Company exchanged all of its ownership in CardioBioMedical Corporation to the original stockholders. All intercompany accounts during the period of consolidation have been eliminated. As a result of the transaction referred to above, Centurion Gold Holdings, Inc., a related public company, owns approximately 64% of the Company.

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

(B) Investment in Oil and Gas Leases

The Company follows the successful efforts method of accounting for its oil and gas operations. Under this method, all property acquisition costs and costs of exploratory and development of wells are capitalized when incurred, pending determination of whether an individual well has found proved reserves. If it is determined that a well has not found proved reserves, the costs of drilling the well are expensed. The costs of developing wells are capitalized whether productive or nonproductive. Geological and geophysical costs on exploratory prospects and the costs of carrying and retaining unproved properties are expensed as incurred. An impairment allowance is provided to the extent that capitalized costs of unproved properties, on a property-by property basis, are not considered to be realizable. Depletion, depreciation and amortization ("DD&A") of capitalized costs of proved oil and gas properties is provided on a property- by property basis using the units of production method. The computation of DD&A takes into consideration dismantlement, restoration and abandonment costs and the anticipated proceeds from equipment salvage. The estimated dismantlement, restoration and abandonment costs are expected to be substantially offset by the estimated residual value of the lease and well equipment. An impairment loss is recorded if the net capitalized costs of proved oil and gas properties exceed the aggregate undiscounted future net revenues determined on a property-by-property basis. The impairment loss recognized equals the excess of net capitalized costs over the related fair value determined on a property-by-property basis. As of June 30, 2007, an impairment loss of \$159,716 was recognized.

ODYSSEY OIL & GAS, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED FINANCIAL STATEMENTS
AS OF JUNE 30, 2007
(UNAUDITED)

(C) 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.

(D) 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 June 30, 2007 and 2006, there were no common share equivalents outstanding.

(E) Cash and Cash Equivalents

For purposes of the cash flow statements, the Company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents. The Company at times has cash in excess of FDIC insurance limits and places its temporary cash investments with high credit quality financial institutions. At June 30, 2007, the Company did not have any balances that exceeded FDIC insurance limits.

(F) Business Segments

The Company operates in one segment and therefore segment information is not presented.

(G) 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.

(H) Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, "*Fair Value Measurements*". The objective of SFAS 157 is to increase consistency and comparability in fair value measurements and to expand disclosures about fair value measurements. SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. The provisions of SFAS No. 157 are effective for fair value measurements made in fiscal years beginning after November 15, 2007. The adoption of this statement is not expected to have a material effect on the Company's future reported financial position or results of operations.

In February 2007, the Financial Accounting Standards Board (FASB) issued SFAS No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB Statement No. 115*". This statement permits entities to choose to measure many financial instruments and certain other items at fair value. Most of the provisions of SFAS No. 159 apply only to entities that elect the fair value option. However, the amendment to SFAS No. 115 "*Accounting for Certain Investments in Debt and Equity Securities*" applies to all entities with available-for-sale and trading securities. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provision of SFAS No. 157, "*Fair Value Measurements*". The adoption of this statement is not expected to have a material effect on the Company's financial statements.

NOTE 2 LOANS PAYABLE - RELATED PARTY

During the six months ended June 30, 2007, a third party advanced \$57,911 in payment of accounts payable and other operating expenses. The advances are unsecured, bear interest at 10% per annum and are due on demand. As of June 30, 2007 accrued interest on these loans was \$11,458.

NOTE 3 STOCKHOLDERS' EQUITY

(A) Common Stock Issued for Cash

During 2003, the Company issued 2,500 shares of common stock to its founder for cash of \$250 (\$0.10 per share).

During 2003, the Company issued 800,000 shares of common stock for cash of \$80,000 (\$0.10 per share).

ODYSSEY OIL & GAS, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED FINANCIAL STATEMENTS
AS OF JUNE 30, 2007
(UNAUDITED)

During 2003, the Company issued 277,778 shares of common stock for cash of \$125,000 (\$0.45 per share).

During 2004, the Company issued 672,231 shares of common stock for cash of \$302,503 (\$0.45 per share).

During 2005, the Company issued 11,097,500 shares of common stock to the stockholders of Advanced Sports upon completion of the merger with CardioBioMedical Corporation.

(B) Common Stock Issued for Services

During 2003, the Company issued 7,125,000 shares of common stock for officer compensation valued for financial accounting purposes at \$712,500 (\$0.10 per share) based upon recent cash offering prices. The initial 2,500 shares issued upon formation of the corporation were purchased for \$.10 per share.

During 2003, the Company issued 16,500,000 shares of common stock for licensing rights valued for financial accounting purposes at \$1,650,000 (\$0.10 per share, the price paid for the initial 2,500 shares issued upon formation of the corporation) based upon recent cash offering prices. During 2005, these 16,500,000 shares of common stock were cancelled pursuant to an agreement dated September 16, 2005. Under the terms of this agreement, a nontransferable warrant for 6,500,000 common shares at \$.01 per share was issued. This warrant is exercisable between January 1, 2007 and December 31, 2014. The fair value of the warrants was estimated on the grant date using the Black-Scholes option pricing model as required by SFAS 123 with the following assumptions: expected dividend yield 0%, volatility 1%, risk-free interest rate of return of 3.28% and expected life of 7 years. The value of \$143,238 was recorded as intangible license rights and will be amortized over the patent life of approximately 14 years.

During 2003, the Company issued 8,200,000 shares of common stock for consulting services valued for financial accounting purposes at \$820,000 (\$0.10 per share) based upon recent cash offering prices.

During 2005, the Company issued 5,000,000 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 which service and contributions he has not been compensated prior to the date of issuance of these shares. For financial accounting purposes, these shares were valued at \$150,000 (\$0.03 per share) based upon recent market prices of the Company.

ODYSSEY OIL & GAS, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED FINANCIAL STATEMENTS
AS OF JUNE 30, 2007
(UNAUDITED)

(C) In-Kind Contribution

During the six months ended June 30, 2007, the Company recorded additional paid-in capital of \$6,000 for the fair value of rent and services contributed to the Company by its president.

During 2006, 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.

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

(D) Common Stock Issued in Exchange of Assets

On April 21, 2006, the Company exchanged all of its ownership in CardioBioMedical Corporation to the original stockholders for 22,077,509 common shares of Odyssey and the warrant issued to purchase 6,500,000 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 20 million shares of common stock to purchase a 10% working interest in certain gas and oil leases in Texas for \$165,000 (\$.008 per share) from Centurion Gold Holdings, Inc., a related public company.

NOTE 4 RELATED PARTY TRANSACTIONS

See Notes 2 and 3.

NOTE 5 DISCONTINUED OPERATIONS

On April 21, 2006, the ownership of CardioBioMedical Corporation was exchanged for 22,077,509 shares of Odyssey common stock to the original stockholders. Accordingly, all 2006 amounts relating to the operations of CardioBioMedical Corporation have been reclassified to conform to this presentation. 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.

ODYSSEY OIL & GAS, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED FINANCIAL STATEMENTS
AS OF JUNE 30, 2007
(UNAUDITED)

NOTE 6 GOING CONCERN

As reflected in the accompanying financial statements, the Company is in the development stage with an accumulated deficit of \$592,077, a working capital deficiency of \$215,166 and a negative cash flow from operations of \$1,058,026 from inception. These factors raise substantial doubt about its ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company's ability to raise additional capital and implement its business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Management anticipates the well will produce sufficient cash flow to ensure the Company will continue as a going concern.

Item 2. Management Discussion and Analysis or Plan of Operations

Overview

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

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

In September 2005, the Company changed focus in connection with the Merger of a wholly-owned subsidiary of the Company and CardioBioMedical Corporation ("CBM"), a Delaware corporation. The subsidiary merged with and into CBM, with CBM as the surviving corporation which became a subsidiary of the Company. The consideration for the merger consisted of 22,077,509 shares of the Company common stock, \$.0001 par value, payable on a one-for-one basis to the consenting shareholders of CBM and a warrant, exercisable beginning January 1, 2008, to purchase 6,500,000 shares of the Company 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 (i) attempting to obtain insurance reimbursement for performance of the diagnostic test (ii) establish the device with cardiologists and (iii) finally gain acceptance and use by other physician specialties and hospitals. The Company was unsuccessful in its attempts to obtain insurance reimbursement and marketing CSD.

The Company was not having much success with CardioBioMedical Corporation and on April 21, 2006, the ownership of CardioBioMedical Corporation was exchanged for 22,077,509 shares of Odyssey common stock with the original stockholders. In addition, we changed the name of the Company to Odyssey Oil & Gas, Inc to reflect our new strategy.

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

The Company intends to expand by acquiring additional working interests in other oil and gas wells. The Company will also explore investments in other energy related enterprises.

Critical Accounting Policies and Changes to Accounting Policies

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

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

Investment in Oil and Gas Leases. The Company follows the successful efforts method of accounting for its oil and gas operations. Under this method, all property acquisition costs and costs of exploratory and development wells are capitalized when incurred, pending determination of whether an individual well has found proved reserves. If it is determined that a well has not found proved reserves, the costs of drilling the well are expensed. The costs of development wells are capitalized whether productive or nonproductive. Geological and geophysical costs on exploratory prospects and the costs of carrying and retaining unproved properties are expensed as incurred. An impairment allowance is provided to the extent that capitalized costs of unproved properties, on a property-by-property basis, are not considered to be realizable. Depletion, depreciation and amortization ("DD&A") of capitalized costs of proved oil and gas properties is provided on a property-by-property basis using the units of production method. The computation of DD&A takes into consideration dismantlement, restoration and abandonment costs and the anticipated proceeds from equipment salvage. The estimated dismantlement, restoration and abandonment costs are expected to be substantially offset by the estimated residual value of the lease and well equipment. An impairment loss is recorded if the net capitalized costs of proved oil and gas properties exceed the aggregate undiscounted future net revenues determined on a property-by-property basis. The impairment loss recognized equals the excess of net capitalized costs over the related fair value determined on a property-by-property basis.

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.

Recent Developments

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During the quarter ended June 30, 2007, Global Investment Group, Inc., an unrelated third party, loaned the Company an additional \$3,323 for payment of accounts payable and other operating expenses. Such loan bears interest at 10% per annum, are unsecured and due on demand.

The well was shut down in December 2006 for repairs and was restarted in February 2007. Sand had again leaked into the well and the well was shut down in April 2007 for further repairs. Repairs had begun and then were stopped. The operator decided to re-evaluate the type of repairs needed. These repairs should commence and be finished during the third quarter of 2007.

The Company's share of the repair costs will be \$20,013. The Company has secured a commitment from Global Investment Group, Inc to fund the repairs.

Management's Discussion and Analysis and Plan of Operations

With the exchange of ownership in CardioBioMedical Corporation with the original stockholders, the prior period operations of CardioBioMedical Corporation have been reclassified as discontinued operations.

Revenue reflects the Company's share of income from its interest in the oil and gas lease. The well was shut down in December 2006 for repairs and was restarted in February 2007. Sand had again leaked into the well and the well was shut down in April 2007 for further repairs. Repairs had begun and then were stopped. The operator decided to re-evaluate the type of repairs needed. These repairs should commence and be finished during the third quarter of 2007.

The Company's share of the repair costs will be \$20,013. The Company has secured a commitment from Global Investment Group, Inc to fund the repairs.

Total operating expenses were \$183,342 and \$211,965 for the quarter and six months ended June 30, 2007, respectively as compared with \$23,866 and \$28,861 for the quarter and six months ended June 30, 2006, respectively. The increase is primarily due to amortization recorded of the cost of the oil and gas leases of \$15,324 and \$18,668 for the quarter and six months ended June 30, 2007, respectively. The cost of the oil and gas leases is being amortized to expense over the period of estimated production. In addition, during the quarter ended June 30, 2007, management recorded an impairment of its investment in oil and gas leases of \$159,716 as anticipated revenue was not being realized.

Funding of operations is still dependent on loans provided by Global Investment Group, Inc. as revenues have not yet reached a level where the Company is able to meet all its obligations from operations. The Company expects this situation to occur for at least the next few quarters.

The company intends to expand by acquiring additional working interests in other oil and gas wells. 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. Our auditors have raised substantial doubt about the Company's ability to continue as a going concern. Although no assurances can be given, management anticipates that the well in the BBB Area will produce cash flow sufficient to ensure that the Company will be able to continue as a going concern in the future. The Company currently does not have enough cash to continue operations for the next 12 months.

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 other than its 10% interest in the BBB Area.

The current location of the Company is 5005 Riverway, Suite 440 Houston, TX 77056.

Item 3. Controls and Procedures.

The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) that are designed to ensure that information required to be disclosed in the company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's

rules and forms, and that such information is accumulated and communicated to the company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our Chief Executive Officer and Chief Financial Officer performed an evaluation of the effectiveness of the design and operation of the company's disclosure controls and procedures as of the end of the period covered by this quarterly report. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the company's disclosure controls and procedures were effective.

Such evaluation did not identify any change in the company's internal control over financial reporting during the quarter ended June 30, 2007 that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

PART II-OTHER INFORMATION

Item 1. Legal Proceedings

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

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

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders

Not. Applicable

Item 5. Other Information

Not. Applicable

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

a) Exhibits:

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

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

b) Reports on Form 8-K

The Company has not filed any Current Reports on Form 8-K during the quarter ended June 30, 2007

SIGNATURES

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

ODYSSEY OIL & GAS, INC

By: /s/ Arthur Johnson

Arthur Johnson

Principal Executive Officer,
President and Director
