



OSCEOLA

HYDROCARBONS LIMITED

Osceola Hydrocarbons Limited
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12 January 2010

Dear Shareholder,

Since my communication last year I am pleased to inform you that excellent progress continues to be made by Osceola Hydrocarbons Limited ("Osceola" or "the Company") and I would like to take this opportunity to inform you in respect of several positive corporate events that have happened or are planned that you should be made aware of.

AIM Flotation and Dealing Facility

Many of you are enquiring when Osceola will become publicly traded. As stated, the plan is to float the Company on the Alternative Investment Market (AIM) at an appropriate time. The board of Osceola are preparing for this and assuming that market conditions continue to improve it is the firm intention to apply to join AIM by the end of Q3 of 2010.

The board however, are of the opinion that during the interim period a trading platform for the ordinary shares in Osceola should be made available. To allow the trading of shares in the Company, JP Jenkins has been appointed to provide a matched bargain dealing facility which will commence on 18 January 2010.

JP Jenkins is a trading division of Rivington Street Corporate Finance, a subsidiary of PLUS quoted Rivington Street Holdings PLC and is authorised and regulated by the Financial Services Authority and a member of the London Stock Exchange and PLUS Markets.

Should you wish to buy or sell Osceola shares, you can use your existing stockbroker who in turn will contact JP Jenkins to establish a corresponding buyer or seller of the shares. If you do not have an existing stockbroker, JP Jenkins can offer an execution only stockbroking service.

The indicated price along with a history of transactions will be available from the JP Jenkins website which is located at www.jpjenkins.co.uk. To access this information you will first need to register as a user on this site. Registration is free of charge.

The dealers are Barry Jenkins and Paul Brown and the contact details are; JP Jenkins Limited, 2nd Floor, 5-11 Worship Street, London, telephone: +44 (0)20 7562 3388/3399 and email: info@jpjenkins.co.uk.

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Accounts and AGM

The previously published unaudited financial statements for the year ending 30 June 2008 are currently being translated into IFRS format and audited by Nexia Smith & Williamson in preparation for our proposed future AIM application. The same applies to the financial statements for year ending 30 June 2009. The audit for the year ended 30 June 2009 commences in approximately 14 days and an Annual Report will be sent to shareholders in late March 2010. The AGM will be held in London followed by a shareholder presentation held in Dublin the following day.

Disposal of Non-Core Assets

The stated strategy of Osceola is to exploit new, primarily non-conventional hydrocarbon business opportunities in the United States.

In order to achieve this aim, as indicated in the last communication sent to shareholders, Osceola divested its non US assets to PLUS quoted Wessex Exploration plc ("Wessex"), in exchange for shares. As a result of this transaction Osceola now holds 17.76% of the issued share capital of Wessex, valuing the holding at in excess of £1,200,000.

US Operations

The management of Osceola are visiting the US projects in mid January 2010 and a comprehensive technical and operational update in respect of these assets will be sent to shareholders in late February 2010.

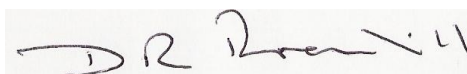
It is not the intention in this communication to discuss in full the US assets, however I am pleased to inform shareholders that following a successful drilling campaign in July/August 2009 the Centurion project is now producing oil and contributing revenue to Osceola. Several prospects have also been located for future drilling and it is anticipated that in time this development project will provide additional value to the Company.

Osceola also holds an interest in some 6,000 acres of Marcellus shale in Pennsylvania and we highlight recent industry transactions involving the Marcellus shale which are highly encouraging for the future of this promising area.

Hopes are also high in respect of the Solitaire project, located in Kit Carson County, Colorado. The board of Osceola are looking forward to progressing this interesting asset during 2010 along with Shogun, Big Sky and Twin Buttes.

I look forward to reporting to you in February 2010 with an expanded update.

Yours sincerely



David Bramhill
Managing Director
Osceola Hydrocarbons Limited