



ODYSSEY
ENERGY LIMITED

ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 29 SEPTEMBER 2006

SHARE PLACEMENT COMPLETED

The Board of Odyssey Energy Limited ("Odyssey" or "Company") is pleased to announce that the placement of 12,000,000 Shares to raise \$7.2 million (before costs) has now been completed.

Funds from the placement will be used to fund an accelerated drilling programme at the Company's prospective North Helper Gas Project, and to provide working capital.

The Closing Date for the Placement Offer of 1,000 shares which was made pursuant to the Prospectus dated 28 September 2006 has been brought forward to 30 September 2006. The Board expects the offer to close unsubscribed.

An Appendix 3B is attached.

Enquiries -

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Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

Odyssey Energy Limited

ABN

73 116 151 636

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | +Class of +securities issued or to be issued | A. Fully paid ordinary shares
B. Incentive Options - \$0.60
C. Incentive Options - \$1.00 |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | A. 12,001,000
B. 850,000
C. 1,400,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | A. Ordinary fully paid shares
B. Unlisted Incentive Options exercisable at 60 cents each and expiring on 30 June 2009
C. Unlisted Incentive Options exercisable at \$1.00 each and expiring on 31 December 2009 |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>A. Yes B. No - New Class of Unlisted Security C. No - New Class of Unlisted Security</p>				
<p>5 Issue price or consideration</p>	<p>A. \$0.60 B. Nil C. Nil</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>A. To fund an accelerated drilling programme and to provide working capital. B. 600,000 unlisted \$0.60 options and 600,000 unlisted \$1.00 options granted to Mr O'Clery, and 250,000 unlisted \$0.60 options and 250,000 unlisted \$1.00 options to Mr Pearce following shareholder approval as an incentive component of their respective remuneration packages. C. 550,000 unlisted \$1.00 options granted to Employees and Consultants of the Company following shareholder approval as an incentive component of their packages.</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>29 September 2006 (other than for 1,000 ordinary shares, which were the subject of an offer pursuant to a Prospectus lodged on 28 September 2006, which is expected to close unsubscribed).</p>				
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="686 1545 989 1601">Number</th> <th data-bbox="989 1545 1283 1601">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1601 989 1816">38,685,000</td> <td data-bbox="989 1601 1283 1816">Ordinary shares</td> </tr> </tbody> </table>	Number	+Class	38,685,000	Ordinary shares
Number	+Class				
38,685,000	Ordinary shares				

+ See chapter 19 for defined terms.

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	3,315,000	Ordinary shares (escrowed until 30 Nov 2007)
	300,000	Options - \$0.20 (escrowed until 30 Nov 2007)
	4,500,000	Convertible notes - \$0.65
	850,000	Unlisted Options - \$0.60
	1,400,000	Unlisted Options - \$1.00
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable	

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	Not applicable
12 Is the issue renounceable or non-renounceable?	Not applicable
13 Ratio in which the +securities will be offered	Not applicable
14 +Class of +securities to which the offer relates	Not applicable
15 +Record date to determine entitlements	Not applicable
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable
17 Policy for deciding entitlements in relation to fractions	Not applicable
18 Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	Not applicable
19 Closing date for receipt of acceptances or renunciations	Not applicable

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Appendix 3B
New issue announcement

20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	Not applicable
25	If the issue is contingent on +security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	Not applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	Not applicable
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable

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- 32 How do ⁺security holders dispose of their entitlements (except by sale through a broker)? Not applicable
- 33 ⁺Despatch date Not applicable

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1
- (b) All other securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

Not applicable

39 Class of +securities for which quotation is sought

Not applicable

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

 If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

Not applicable

41 Reason for request for quotation now

 Example: In the case of restricted securities, end of restriction period

 (if issued upon conversion of another security, clearly identify that other security)

Not applicable

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)	Not applicable	

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Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

 - There is no reason why those +securities should not be granted +quotation.

 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

 - We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.

 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

Date: 29 September 2006

(~~Director~~/Company secretary)

Print name: Mark Pearce

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