



ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 6 NOVEMBER 2006

**SIGNIFICANT EXPANSION OF JESTER-BLOOMINGTON PROJECT, INCLUDING
ACQUISITION OF PRODUCTION AND PIPELINE INFRASTRUCTURE**

The Board of Odyssey Energy Limited ("Odyssey" or "Company") is pleased to announce a significant expansion of the Jester-Bloomington Gas Field Re-Development Project in Oklahoma, with the acquisition of a 33.3% interest in a suite of exploration and production assets, including:

- *16,000 gross acres covering parts of the North Bloomington and Willow Gas Fields in Greer and Beckham counties;*
- *The rights to 53 existing wells on the acreage, most of which are shut-in or require remediation, but which currently produce in excess of 200 thousand cubic feet of gas per day ("mcf/d"), and provide an opportunity for increased production through relatively cheap work-overs;*
- *Production infrastructure which includes compression facilities and 136 kilometres of pipeline and gas gathering systems which spans both the Company's existing and newly acquired acreage.*

Coinciding with this acquisition, two shut-in wells within the original Jester-Bloomington Project area have been acquired, worked-over and tested, with:

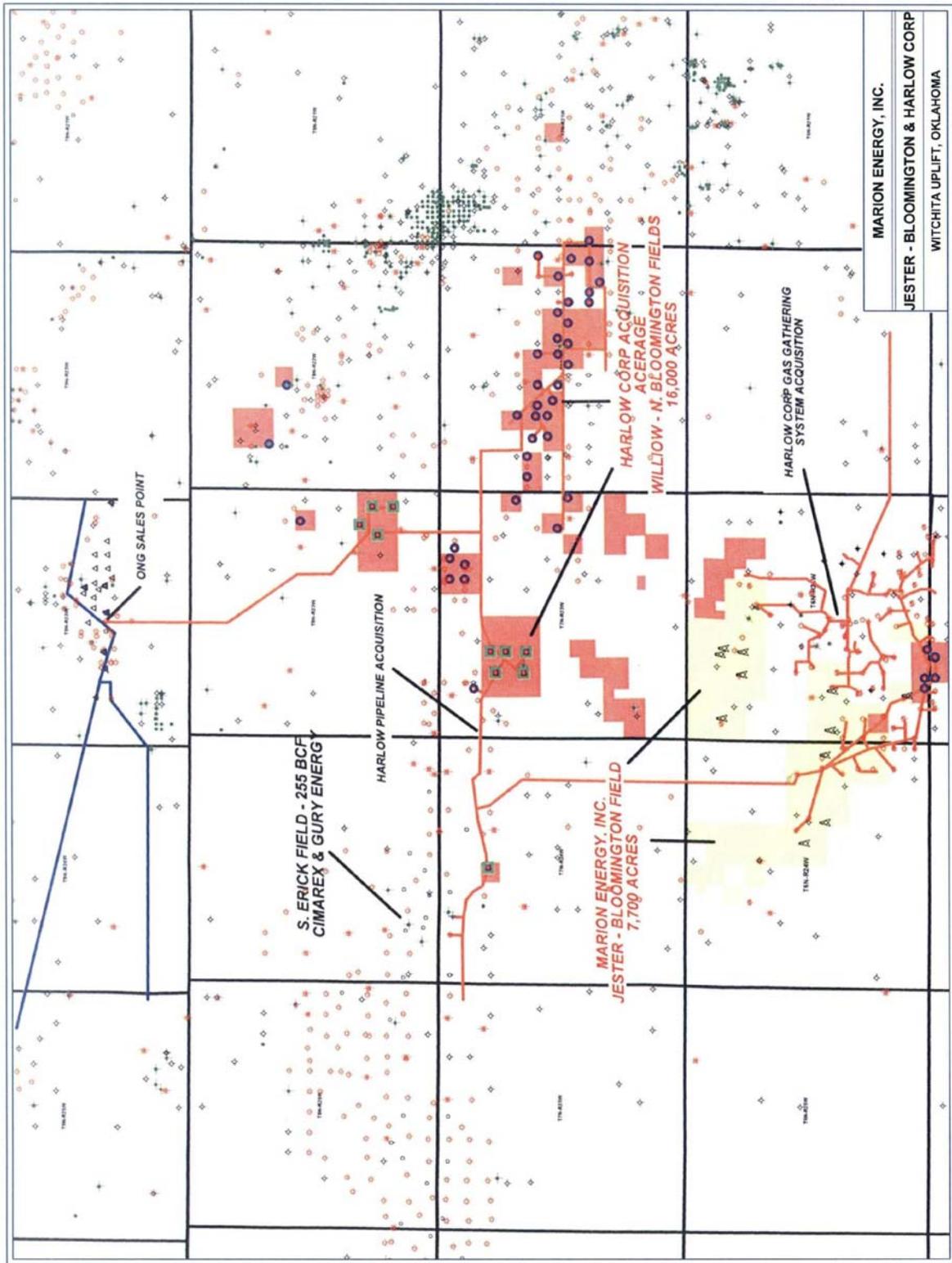
- *Houck#1 well recording a stabilised flow rate of 750 mcf/d; and*
- *Travis#1 well achieving a stabilised flow rate of 280 mcf/d.*

Importantly for the Project, the successful testing of the Houck#1 and Travis#1 wells indicates that early production did not efficiently drain the Brown Dolomite and Granite Wash gas reservoirs, and that the field may have re-pressured after being shut-in for almost a decade.

Commenting on the acquisition and test results Odyssey's Managing Director Mark O'Clery said "this acquisition is extremely significant to the Company. This acquisition takes Jester-Bloomington Project from approximately 8,000 acres to 24,000 acres and establishes a second major project area for the Company, following on from the substantial increase in the size and scope of the North Helper Gas Project in Utah from 5,000 to over 27,000 gross acres in July 2006.

The acquisition of production infrastructure which spans both the original and expanded Jester-Bloomington Project area gives the Company immediate access to the domestic US natural gas market and enables tie-in and gas sales from both new and re-completed (existing) wells."

A Letter of Intent for the acquisition has been signed between Marion Energy Limited (ASX Code: MAE) and Harlow Corporation of Amarillo, Texas. The total cost of the transaction is US\$2 million with Odyssey's Working Interest 33.3%, leading to a net cost of US\$0.67 million which will be funded out of working capital.



Location of New Acreage, Wells and Pipeline Infrastructure

ACQUISITION OF HARLOW CORPORATION ACREAGE, PRODUCTION AND INFRASTRUCTURE – ODY 33.3% WORKING INTEREST

Marion Energy Limited (Operator of the Jester-Bloomington Gas Field Re-Development Project) has signed a Letter of Intent to acquire approximately 16,000 gross acres covering parts of the North Bloomington and Willow Fields in Greer and Beckham counties in Oklahoma, adjacent to the existing Jester-Bloomington project area. Odyssey will participate in this acquisition with a Working Interest (“WI”) of 33.3%, and with Marion continuing to act as Operator for the project.

In addition to the large increase in acreage from approximately 8,000 to 24,000 gross acres in the expanded project area, the Company will participate in the acquisition of 53 wells in the North Bloomington and Willow Gas Fields, which have produced approximately 5 billion cubic feet of gas from the Brown Dolomite. The majority of these wells are currently shut-in or require remediation, but currently produce at a combined rate of 200 mcf/d net to the acquisition. Given that the acreage was developed on a spacing of greater than 160 acres in the 1970’s and 1980’s and based on the recent test results from the Travis#1 and Houck#1 wells in the Jester-Bloomington Field area, the Company sees the potential for significant increases in production through a program of work-overs or re-completions of existing wells as well as the potential for major re-development of the field areas through down-spacing to 40 acres or beyond.

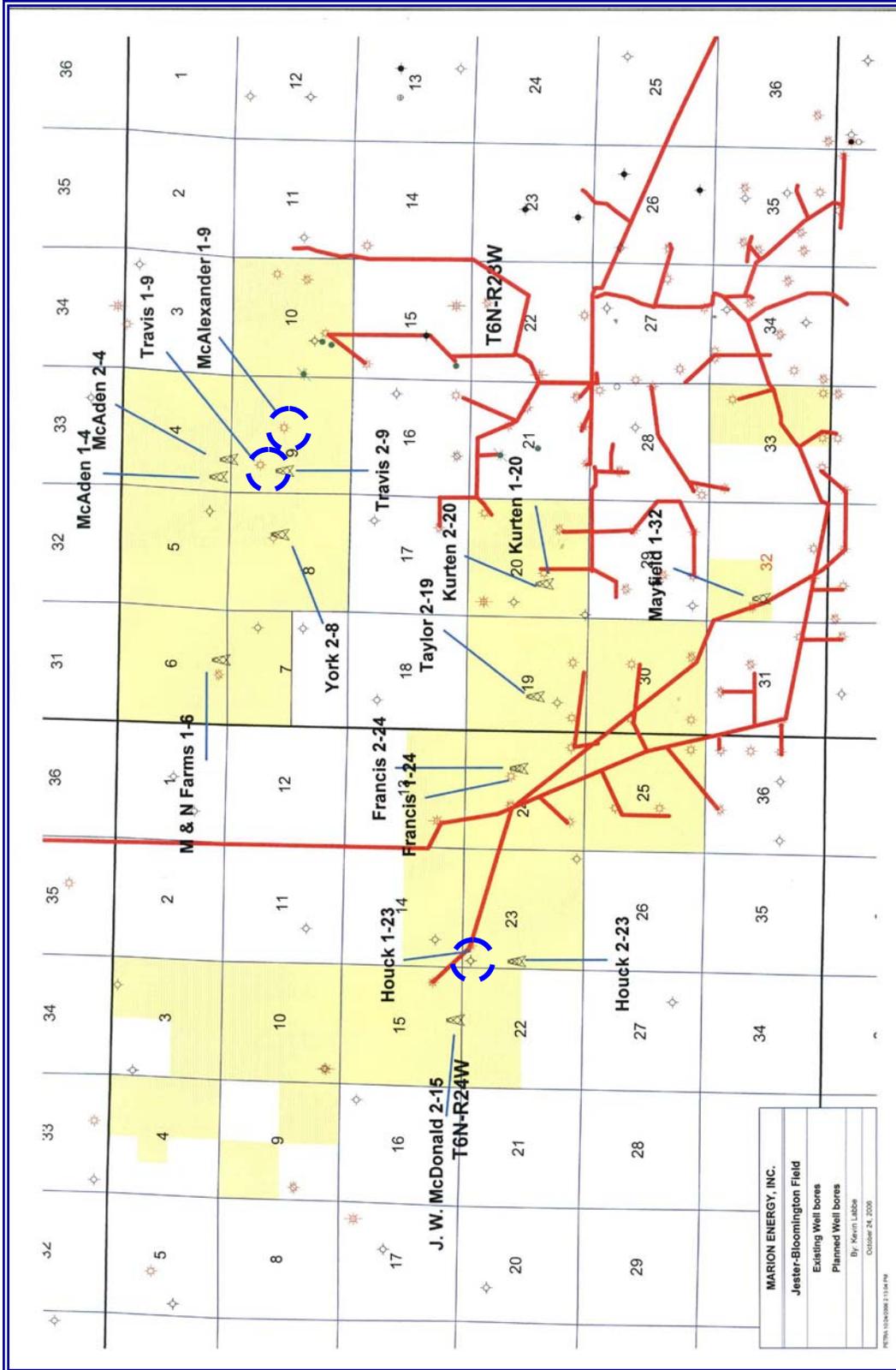
Importantly the acquisition includes compression facilities and 136 kilometres of pipeline and gathering system on both the existing and newly acquired acreage with a six inch line tie-in to the interstate pipeline. This gives the Company direct and immediate access to the domestic US natural gas market.

The acquisition is subject to legal and title due diligence with settlement expected in December 2006.

JESTER-BLOOMINGTON OPERATIONAL UPDATE AND WELL-TEST RESULTS – ODY 33.3% WORKING INTEREST

Two existing wells have now been acquired, re-entered and flow tested in the original Jester-Bloomington project area. These wells, Travis #1 and Houck #1 were drilled in 1959 and shut-in in the late 1990’s. The Travis #1 was placed on an initial 24-hour test and achieved a stabilized flow rate of 280 mcf/d after water had been removed from the well-bore. The Houck #1 well was given the same treatment and reached a stabilized flow rate of 750 mcf/d over a four day period. Given that these rates are as high as or higher than the original production rates, it is possible that the reservoir in this area of the field has re-charged and it is likely that the initial 160 acre spacing was not small enough to efficiently drain the reservoir, leaving most of the field’s original gas reserves in the ground.

The first new appraisal / production well on the field (McAlexander#1) was drilled in August – September 2006. The well penetrated both the Brown Dolomite and Granite Wash reservoirs with a gross reservoir thickness of approximately 120 ft, and has been cased, perforated and fracture stimulated in the Granite Wash, which is now being tested. At the conclusion of this test, the Brown Dolomite will be perforated and tested before a combined rate is announced. The well will then be tied into production together with the recently re-completed Travis#1 and Houck#1 wells with the aim of re-establishing field production from multiple wells.



Location of Existing Jester-Bloomington Leases, McAlexander#1, Travis#1 & Houck#1 Wells

JESTER-BLOOMINGTON GAS RE-DEVELOPMENT PROJECT SUMMARY

The Jester-Bloomington Field, discovered in June 1959, encompasses two reservoirs (Brown Dolomite and Granite Wash) which combined have a productive footprint of 14,200 acres and a structural footprint of 24,000 acres.

Within the field area a total of 78 wells were drilled in the Granite Wash, with the deepest interval completed at 1,540 feet. Of these, 20 commingled production from the Brown Dolomite and only 4 were completed as dedicated Brown Dolomite producers. Average well spacing in the Granite Wash is over 160 acres and in the Brown Dolomite is over 640 acres.

The cumulative volume of gas produced from the field was approximately 7.9 BCF with peak production between 1974 and 1979, after which production flattened and gradually declined until 1998 at which point the field was shut-in.

In line with current industry practise in the Brown Dolomite and Granite Wash on trend, the Operator intends to in-fill existing wells and re-develop both reservoirs in the field on an initial 160 acre spacing, with the potential to subsequently down-space to 40 acres or beyond.

Further announcements will be made by the Company as testing and production operations continue and when the Harlow acquisition is settled.

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