



ODYSSEY ENERGY LIMITED

ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 31 JULY 2007

JUNE 2007 QUARTERLY REPORT

The Board of Odyssey Energy Limited (“Odyssey” or “Company”) is pleased to present its June 2007 quarterly report.

During the quarter the Company published the results of the first independent certification of reserves at its North Helper Gas Project in Utah and its Jester-Bloomington Gas Field Re-Development Project in Oklahoma. Gross proved and probable gas reserves for the two projects total 112 billion cubic feet (“Bcf”), with proved and probable (“2P”) gas reserves net to Odyssey of 29 Bcf, and comprising;

- 44 Bcf of gross 2P gas reserves in North Helper, with 11Bcf net to Odyssey’s 30% Working Interest (24% Net Revenue Interest); and*
- 68 Bcf of gross 2P gas reserves in Jester-Bloomington, with 18 Bcf net to Odyssey’s 33.33% Working Interest (26.67% Net Revenue Interest).*

Significantly, the certified gas reserve at North Helper has (to date) only been determined for the 9,360 acre central project area, and excludes almost 9,000 acres of leases to the north which also lie on the Ferron coal trend. Substantial upside also exists in the extensions of the Mancos, Blackhawk, Mesa Verde and Dakota objectives across the entire 29,000 acre project area.

A number of significant operational milestones have also been achieved in both project areas during the Quarter;

- A second trial of the treatment for unbroken gel and iron precipitates in the North Helper wells was conducted at Ball Park#1 in April based on the positive results from the initial treatment of Cordingly Canyon#15-1 in March.*
- After a similar improvement in the performance of the well (immediate build up of pressure and flow back of broken gel, coal fines and iron precipitate), a full scale treatment program was designed for the remaining Ferron wells in the Project.*
- By the end of the report period all 7 wells had been treated and re-connected to production infrastructure, with all exhibiting strong signs of improved near well-bore permeability through good fluid in-flow and rising gas rates.*
- At the time of writing this report a significant milestone had been reached, with a number of the wells peaking at rates in excess of 200 thousand cubic feet of gas per day (“mcf/d”) during daily production cycles, despite only being several weeks into the clean-up and de-watering process.*

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- *In Oklahoma, major upgrades to the Jester-Bloomington pipeline network and production infrastructure were completed despite weeks of severe weather and flooding, including; installation of a new sales compressor, completion of the new 6" line to the McAlexander#1 and Travis#1 wells, and completion of a one-mile spur line to the Patten#2 and Denby#1 wells in the NE of the project area.*
- *At the conclusion of this work the pipeline system was successfully pressure-tested and production into the Oneok interstate pipeline re-established. A robust pipeline system is now available for sales from the 8 worked-over Northern area wells and the Travis#1 & McAlexander#1 wells from the Central project area (shut-in since pipeline work commenced).*
- *At the time of writing this report a rig had arrived to commence installation of pumps and put these wells on production. After tie-in of existing wells, a new work-over program targeting the 44 wells remaining from the Harlow acquisition will commence.*

An updated copy of the Company's Investor Presentation is available from the website: www.odysseenergy.com.au

Enquiries-

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RESERVES REPORT:

North Helper Gas Project - Utah

The majority of reserves at North Helper are in the Ferron coal-bed methane play, with proved and probable gross gas reserves of 28 Bcf associated with the 7 Kenilworth Railroad, Cordingly Canyon and Ball Park Canyon wells, the adjacent 160 acre development locations, and extending northward across the central 9,360 acre project area.

Probable gross gas reserves of 16 Bcf have also been certified in the Mancos Shale (based on the Cordingly Canyon # 10-1 and Cordingly Canyon # 15-5 wells), and the Blackhawk Coals (which produce from the Castlegate and Soldier Fields), but the majority of the potential within these objectives (and in the Mesa Verde and Wasatch Formations which are productive in the adjacent West Tavaputs and Natural Buttes Fields) is not captured by the certified reserve estimates and provides a large upside across the 29,000 acre project area.

Jester-Bloomington Gas Field Re-Development Project - Oklahoma

Reserves certified in the 30,000 acre Jester-Bloomington Project consist of 18 Bcf proved gross gas reserves in the Brown Dolomite and Granite Wash reservoirs (based on the drilling, acquisition and testing of wells in the southern project area, and production and re-completion of wells in the central and northern project areas), and 50 Bcf of probable gross gas reserves for the two reservoirs, giving a combined 2P gross gas reserve of 68 Bcf for the project as a whole.

Additional possible gas resources are associated with potential down-spacing of development drilling in both reservoirs to 20 acres and the potential for higher ultimate recoveries per well than assumed in the base reserve cases.

North Helper Gas Project – Reserves Net to Odyssey’s 30% Working Interest*

	<i>Proved (Bcf)</i>	<i>Probable (Bcf)</i>	<i>Total 2P (Bcf)</i>	<i>Possible (Bcf)</i>	<i>Total 3P (Bcf)</i>
<i>Ferron</i>	1	6	7	-	7
<i>Other Objectives</i>	-	4	4	6	10
<i>Project Totals</i>	1	10	11	6	17*

* Gas reserves have not been estimated for the 19,718 acres north of the central project area.

Jester-Bloomington Gas Project – Reserves Net to Odyssey’s 33.33% Working Interest

	<i>Proved (Bcf)</i>	<i>Probable (Bcf)</i>	<i>Total 2P (Bcf)</i>	<i>Possible (Bcf)</i>	<i>Total 3P (Bcf)</i>
<i>Brown Dolomite</i>					
+ <i>Granite Wash</i>	5	13	18	-*	18*

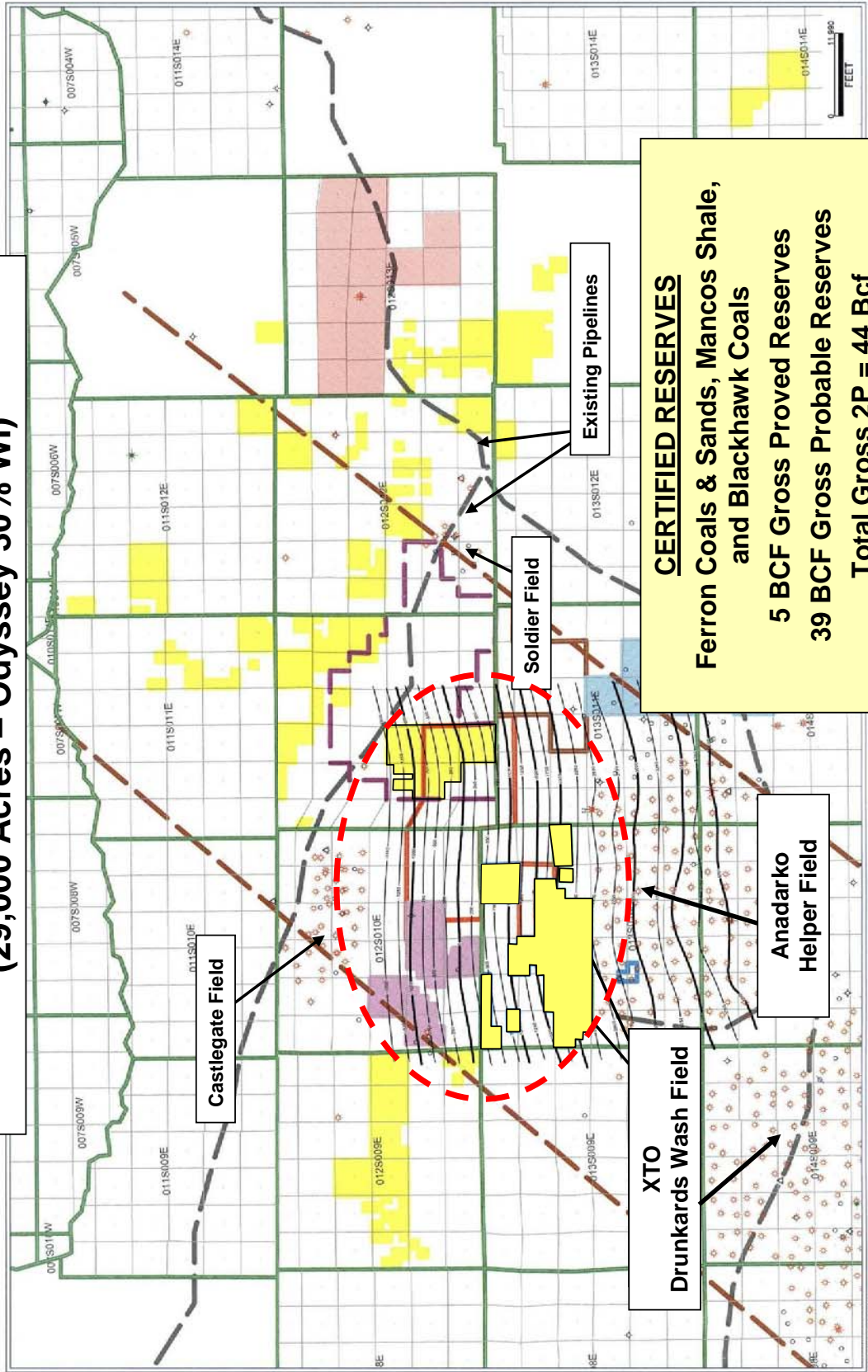
** Possible gas reserves associated with down-spacing from 40-acre development locations have not been estimated.*

Qualifications of Certifying Group:

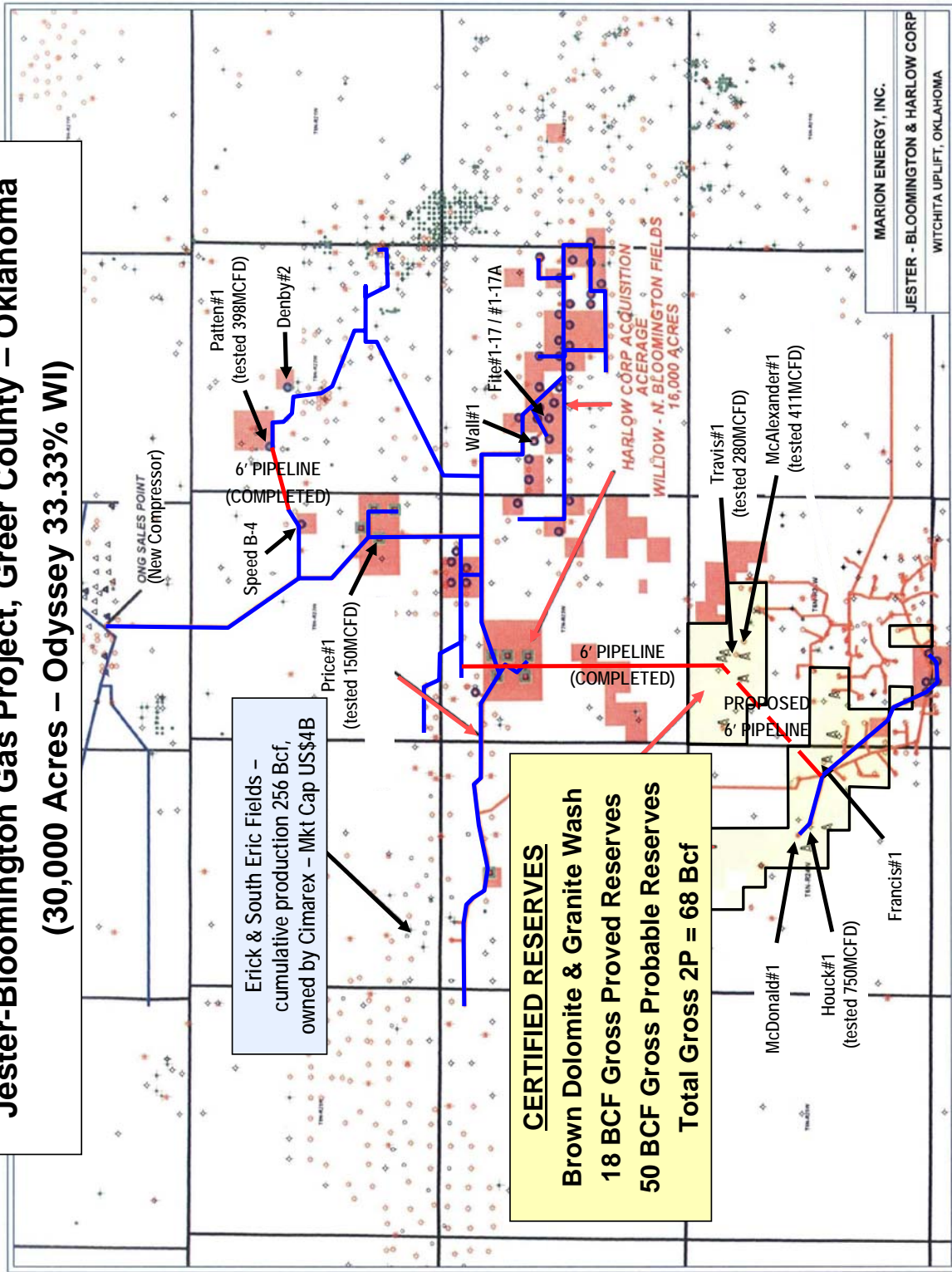
William M. Cobb & Associates, Inc. (Cobb & Associates) is located in Dallas, Texas and was formed in 1983 and provides quality reservoir engineering, formation evaluation, and geological services to the petroleum and natural gas industry.

Its clients include integrated oil companies, independent producers, investors, financial institutions, governmental agencies, and the legal community. Their website is www.wmcobb.com.

**North Helper Gas Project, Carbon County – Utah
(29,000 Acres – Odyssey 30% WI)**



**Jester-Bloomington Gas Project, Greer County – Oklahoma
(30,000 Acres – Odyssey 33.33% WI)**



Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

ODYSSEY ENERGY LIMITED

ABN

71 116 151 636

Quarter ended ("current quarter")

30 JUNE 2007

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	38	58
1.2 Payments for		
(a) exploration and evaluation	(776)	(5,067)
(b) development	-	-
(c) production	-	-
(d) administration	(109)	(389)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	22	91
1.5 Interest and other costs of finance paid	(66)	(264)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material) - Business Development	(29)	(128)
Net Operating Cash Flows	(920)	(5,699)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	(20)	(5,027)
(b) equity investments	-	-
(c) other fixed assets	-	(44)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(20)	(5,071)
1.13 Total operating and investing cash flows (carried forward)	(940)	(10,770)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(940)	(10,770)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	10,200
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	800
1.17	Repayment of borrowings	-	(800)
1.18	Dividends paid	-	-
1.19	Other (provide details if material) - capital raising expenses	(36)	(651)
	Net financing cash flows	(36)	9,549
	Net increase (decrease) in cash held	(976)	(1,221)
1.20	Cash at beginning of quarter/year to date	2,193	2,438
1.21	Exchange rate adjustments to item 1.20	(1)	(1)
1.22	Cash at end of quarter	1,216	1,216

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	146
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments include consulting fees, directors fees, company secretarial services and provision of a fully serviced office.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not applicable.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not applicable.

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	800
4.2 Development	-
Total	800

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	816	529
5.2 Deposits at call	400	1,664
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,216	2,193

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	48,000,000	44,685,000	Not applicable	Not applicable
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>	4,500,000	-	Not applicable	Not applicable
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	300,000	Nil	<i>Exercise price</i> \$0.20	<i>Expiry date</i> 31 December 2008
	850,000		<i>Exercise price</i> \$0.60	<i>Expiry date</i> 30 June 2009
	1,400,000		<i>Exercise price</i> \$1.00	<i>Expiry date</i> 31 December 2009
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Date: 31 July 2007
(~~Director~~/Company secretary)

Print name: MARK L PEARCE

Notes

- 1 The quarterly report provides a basis for informing the market how the entity’s activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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