



ODYSSEY ENERGY LIMITED

ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 27 SEPTEMBER 2007

DEVELOPMENT DRILLING PROGRAM TO COMMENCE AT JESTER-BLOOMINGTON PROJECT AND SHARE PLACEMENT

The Board of Odyssey Energy Limited (“Odyssey” or “Company”) is pleased to announce that development drilling at the Jester-Bloomington project is scheduled to commence in late October 2007.

An initial program of 10 to 15 wells will infill acreage surrounding some of the most prolific producers from the original 1950’s through 1980’s development of the North Bloomington, Willow and Jester-Bloomington Field areas, with an initial focus on the north-eastern sector of the 30,000 acre project area.

The primary objective of the program is to begin the development of the project’s 68 Bcf certified reserve base in the Brown Dolomite and Granite Wash reservoirs, and in the process rapidly increase the Company’s production and cash flow. A number of wells are expected to be drilled, completed and tied into existing production infrastructure pre-Christmas and be selling gas into the North American winter and traditional period of peak demand.

The first wells in the program will also fall within the Company’s area of interest for the Wellington Limestone – the subject of a ‘high impact’ work-over program announced last week, which targets the potential for bypassed gas pay in a number of existing wells on-trend from two prolific producers. If these wells are successful in the Wellington they will not only further boost production and cash flow, but may also lead to certification of significant new proved and probable reserves for the project.

Odyssey has secured funding for the Jester-Bloomington development program, together with additional working capital for its operations at North Helper in Utah and Business Development activities through the placement of 10 million shares raising \$4.0 million before costs to clients of Tricom Equities, Stripe Capital and Cunningham Securities. The Company will also undertake a rights issue to all existing and new (placee) shareholders on a 1 for 3 basis for a listed option exercisable at \$0.50 on or before 31 December 2009, at an issue price of \$0.03 per option.

Enquiries-

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Managing Director

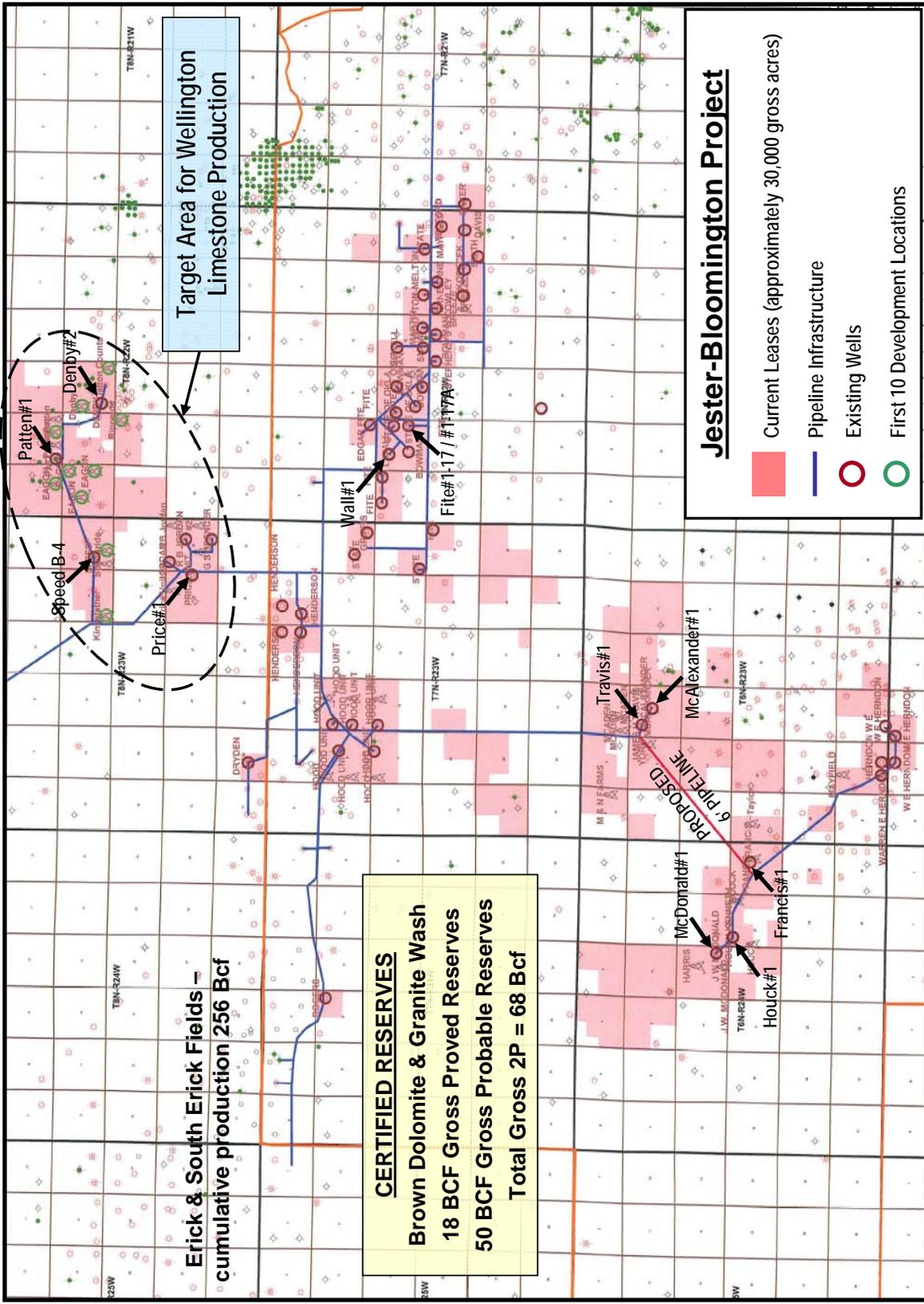
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Location of Acreage, Wells and Pipeline Infrastructure – Jester-Bloomington Gas Field Re-Development Project, Oklahoma

JESTER-BLOOMINGTON GAS FIELD RE-DEVELOPMENT PROJECT – 30,000 GROSS ACRES, ODYSSEY 33.3% WORKING INTEREST

The Jester-Bloomington Gas Field Re-Development project comprises 30,000 gross acres covering parts of the Jester-Bloomington, North Bloomington and Willow Gas Fields in Greer and Beckham counties, Oklahoma.

These fields were discovered and developed in the 1950's through 1980's during periods of historic low gas prices in the USA, with many wells shut-in by the late 1990's. The acreage was originally developed on a broad well spacing of greater than 160 acres in both the Granite Wash and Brown Dolomite reservoirs, creating the potential for major re-development of the fields through down-spacing to 40 acres or beyond. In addition, many of the remaining productive wells in the area have been poorly maintained over the past 5 years creating the potential for significant increases in production through a program of low-cost work-overs and re-completions.

This view was strongly supported by the first independent certification of reserves for the project in June 2007 (see below).

In addition to the large project size the Company has the rights to 57 well-bores and substantial production infrastructure including compression facilities and 120 kilometres of pipeline and gathering systems which provide direct access to the domestic US natural gas market. After the completion of a series of upgrades to this production system, the infrastructure is now in place to support new work-over programs and drilling campaigns targeting the project's certified reserves base.

Reserves Report:

In June 2007 the Company published the results of the first independent certification of reserves at Jester-Bloomington, with gross proved and probable gas reserves for the project totalling 68 Bcf, and 18 Bcf net to Odyssey's 33.3% Working Interest (approximately 26.7% Net Revenue Interest).

Additional possible gas resources are associated with the potential for further down-spacing of development locations in both the Brown Dolomite and Granite Wash reservoirs and the potential for higher ultimate recoveries per well than assumed in the base reserve cases.

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>					
+	5	13	18	-*	18*
<i>Granite Wash</i>					

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