



# ODYSSEY ENERGY LIMITED

ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 30 JANUARY 2008

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## DECEMBER 2007 QUARTERLY REPORT

*The Board of Odyssey Energy Limited (“Odyssey” or “Company”) is pleased to present its December 2007 quarterly report. During the quarter, the Company commenced development drilling at the Jester-Bloomington Gas Project in Oklahoma and continued its appraisal / development activities at North Helper in Utah;*

- The Jester-Bloomington development drilling program commenced in mid-November: targeting production and cash flow in the project’s 68 billion cubic feet (“Bcf”) certified proved and probable (“2P”) reserve base in the Brown Dolomite and Granite Wash reservoirs.*
- Drilling of the first four wells in the program (Eagon # 1-7, Eagon # 1-18, Dalton Counts # 1 and Speed # B-6) was completed in early December, prior to the onset of the severe weather and ‘ice storms’ which hit Oklahoma pre-Christmas.*
- These wells in the Northern “Spring Creek” area of the project also fall within the Company’s primary area of interest for the Wellington Limestone, which produced over 2 Bcf of gas from two key offset wells (Denby # 1 & 2) and has not as yet been incorporated in formal 2P reserve estimates for the project.*
- After recording good gas shows throughout the objective section (Brown Dolomite, Granite Wash and Wellington Limestone) completion operations commenced between Christmas and New Year.*
- All four wells have now been perforated and fracture stimulated in the lower parts of the objective section (principally Brown Dolomite) to establish base-line productivity.*
- Initial gas rates from Speed # B-6 and Dalton Counts # 1 are in line with expectations, and expected to rise as frac fluids are pumped off and the wells continue to clean up.*
- The Speed # B-6 has had very positive results so far; making several barrels of oil in addition to the gas, and may establish itself as the first commercial oil producer in the project (Note that other wells have highlighted the area’s liquids potential by producing small amounts of oil associated with the gas streams).*
- In addition to the Brown Dolomite and Granite Wash, all of the wells have multiple shallower target intervals in the Lower and Upper Wellington sections, with completion of a number of these zones currently underway in the Eagon # 1-7 and # 1-18 wells.*
- Completion of additional zones in the Dalton Counts # 1 and Speed # B-6 wells will be scheduled after production has stabilised from the deeper reservoirs.*

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*The forward program at Jester-Bloomington is to stabilise production from the Brown Dolomite & Granite Wash completions establishing base-line productivity, continue completion of the shallower Wellington section, and re-commence the development drilling program as weather conditions moderate; with the results of the current completions used to high-grade the sequence of new wells in the project area.*

*In Utah, Stage 2 of the Mancos Shale test in the Cordingly Canyon #15-5 well has been completed, with new frac's totalling 60 feet placed between 2,100 and 2,300 feet in the sandy 'Emery' section of the shale. These frac's are larger than the original (Stage 1) completion of the well which spanned just 20 feet of the 4,000+ foot Mancos section and demonstrated gas charge and productivity.*

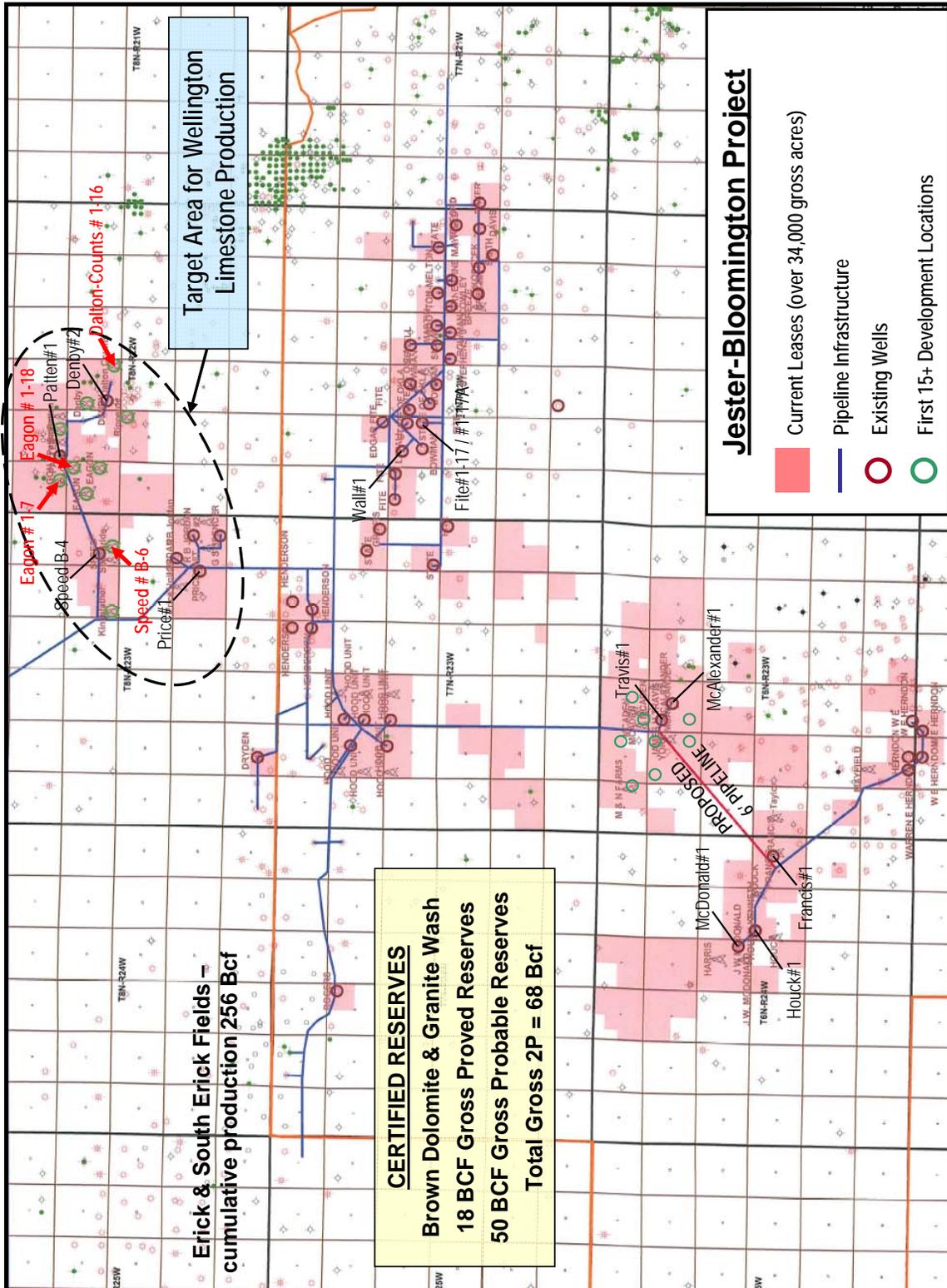
*The post-frac clean-up saw strong initial gas flows which have subsequently declined as weather conditions have deteriorated, impeding access to the well and increasing production line pressures (due to down-time at both Anadarko and the project's compression facilities). Flow rates are expected to stabilise when weather conditions moderate and the impact of dedicated well-site compression and artificial lift can be seen through the well producing optimally.*

*In parallel with this appraisal and development activity the 7 completed Ferron wells continue to de-water. In an effort to gain higher value from this process, additional frac's have been placed in tight sands in the Kenilworth Railroad # 2 and # 15-3 wells which are gas productive on the eastern side of the Helper Field area (immediately to the south of the project).*

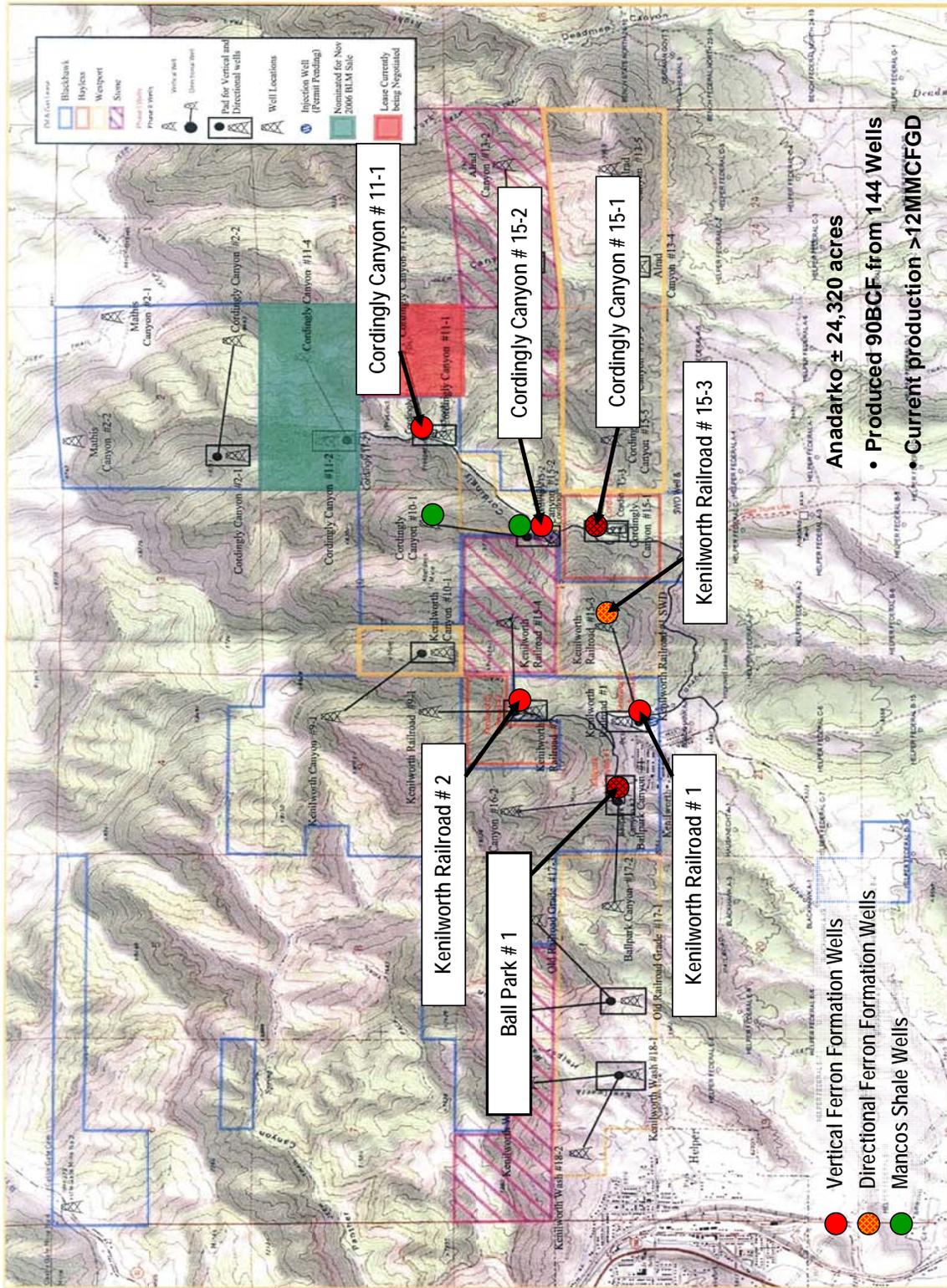
Enquiries-

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Location of Acreage, New Development Wells and Pipeline Infrastructure in the 34,000 Acre Jester-Bloomington Gas Field Re-Development Project, Oklahoma



Location of Wells and Infrastructure adjacent to Anadarko's Helper Field in the southern part of the 29,000 acre North Helper Gas Project, Utah

# 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")

**31 DECEMBER 2007**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	55	100
1.2 Payments for		
(a) exploration and evaluation	(1,332)	(1,804)
(b) development	-	-
(c) production	-	-
(d) administration	(103)	(189)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	26	35
1.5 Interest and other costs of finance paid	(64)	(128)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material) - Business Development	(29)	(43)
<b>Net Operating Cash Flows</b>	<b>(1,447)</b>	<b>(2,029)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	(52)	(52)
(b) equity investments	-	-
(c) other fixed assets	-	-
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)	-	-
<b>Net investing cash flows</b>	<b>(52)</b>	<b>(52)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,499)</b>	<b>(2,081)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,499)	(2,081)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	4,000	4,000
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material) - capital raising expenses	(218)	(219)
	<b>Net financing cash flows</b>	<b>3,782</b>	<b>3,781</b>
	<b>Net increase (decrease) in cash held</b>	<b>2,283</b>	<b>1,700</b>
1.20	Cash at beginning of quarter/year to date	628	1,216
1.21	Exchange rate adjustments to item 1.20	1	(4)
1.22	<b>Cash at end of quarter</b>	<b>2,912</b>	<b>2,912</b>

**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	175
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	1,500
4.2 Development	-
<b>Total</b>	<b>1,500</b>

### 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	1,201	628
5.2 Deposits at call	1,711	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>2,912</b>	<b>628</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

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**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			

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+ 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 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	58,154,000	58,154,000	Not applicable	Not applicable
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	10,000,000	10,000,000	\$0.40	\$0.40
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	4,346,000	-	Not applicable	Not applicable
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <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 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <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: 30 January 2008  
(~~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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