



ODYSSEY ENERGY LIMITED

ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 30 APRIL 2008

MARCH 2008 QUARTERLY REPORT

The Board of Odyssey Energy Limited (“Odyssey” or “Company”) is pleased to present its March 2008 quarterly report. During the quarter the company had strong gas flows from the completion of its first new development wells at Jester-Bloomington and announced a significant conventional gas discovery at North Helper.

The Company has also entered into an agreement to acquire a 50% interest in a new 1,000 acre oil & gas project area in Oklahoma (with an option over the remaining 50% interest), which Odyssey will operate.

Operations

In Oklahoma;

- Production reached 1.0 million cubic feet of gas equivalent per day (“mmcfged”) in mid-February as a result of gas sales from the first four wells in the development drilling program.*
- The Eagon#1-7, Eagon#1-18, Dalton Counts#1 and Speed#B-6 wells commenced producing at a combined rate of over 400 thousand cubic feet of gas equivalent per day (“mcfged”), including oil from both the Eagon#1-18 and Speed#B-6 wells.*
- The oil (up to 15 barrels per day) was significant as it established the first commercial oil production from the project, and whilst adding 80 to 90 mcfged to production on an energy equivalent basis, added more than double this on a value basis.*
- The combined flow rate from the new wells included production from the Brown Dolomite, Panhandle Dolomite (Lower Wellington) and Upper Wellington Limestone in all wells except Dalton Counts#1; with the most significant contribution from the Wellington section in Speed#B-6.*

New Project;

Odyssey has entered into an agreement to acquire a 50% interest in a 1,000 acre project, targeting gas and associated oil in the Woodford Shale in Oklahoma. Odyssey will be operator of the project, and has an option (expiring 30 June 2009) to acquire the remaining 50% interest in the project.

Over the past 20 years, there have been a number of very successful shale plays in the US, including the Barnett Shale and Fayetteville Shale plays. This success and improved drilling and completion techniques in shale formations, combined with higher gas prices has resulted in a number of new shale plays being targeted. Not all have been successful, however the Woodford Shale play in Oklahoma has had considerable success, with a significant increase in exploration and production from this formation in recent years.

The Woodford Shale section being targeted is 6,000 to 8,000 feet deep, with recently drilled wells in the region initially producing at 2 to 3 million cubic feet of gas per day (“mmcfgd”). The lease cost per acre is approximately US\$150 (plus associated transaction costs).

The Company will undertake geological and other technical studies over the remainder of 2008, including analysis of the significant amount of drilling activity currently being undertaken in the area. Based on these results, an initial drilling program is expected to commence during 2009.

In Utah;

A significant new gas discovery was announced at North Helper, with an initial production rate of 1.5 mmcfgd from the Kenilworth Railroad 1-A (“KRR 1-A”) well;

- *KRR 1-A was designed to appraise a number of conventional gas reservoirs beneath the established Ferron Coal-Bed Methane play, and if these formations were not productive be converted into a Water Disposal well for the project.*
- *During drilling high pressures and gas shows were encountered in a number of the deeper objectives including strong gas shows in a 50 ft sand in the Morrison Formation at 5,550 ft.*
- *Subsequent testing established an initial flow rate of 1.5 million cubic feet of gas per day (“mmcf”), with the well completed in March and selling gas through the project’s production infrastructure.*

While Odyssey did not contribute to the drilling of KRR 1-A (which captures 160 acres of the play through production), the Company has the option to back-in to the well under the Joint Venture Operating Agreement through cash flow from production and no upfront cash outlay.

The full significance of the discovery is not yet known, but Operator believes that the play has the potential to extend over an area of 3,800 acres of the central part of the North Helper Gas Project.

The Company has also significantly increased the size of both the North Helper and Jester-Bloomington projects during the quarter, completing lease acquisitions which have grown the projects to over 29,000 gross acres and over 34,000 gross acres respectively.

Gross production for the two projects rose from 22.5 million cubic feet of gas (“mmcf”) in December 2007 to 27.3 mmcf in February as a result of the new Oklahoma completions progressively coming on-stream, with average gas price increasing from US\$6.13 per

thousand cubic feet (“mcf”) to US\$7.61 per mcf over the same period, and currently trading at levels in excess of US\$11.00 per mcf.

The Company continues to examine a number of corporate opportunities in an effort to increase shareholder value in the short to medium term.

Enquiries-

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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 MARCH 2008

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1.1 Receipts from product sales and related debtors | 37 | 137 |
| 1.2 Payments for | | |
| (a) exploration and evaluation | (1,829) | (3,429) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (53) | (243) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 25 | 60 |
| 1.5 Interest and other costs of finance paid | (64) | (191) |
| 1.6 Income taxes paid | - | - |
| 1.7 Other (provide details if material) - Business Development | (19) | (62) |
| Net Operating Cash Flows | (1,903) | (3,728) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: | | |
| (a) prospects | (99) | (355) |
| (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) | - | - |
| Net investing cash flows | (99) | (355) |
| 1.13 Total operating and investing cash flows (carried forward) | (2,002) | (4,083) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|------|---|---------|---------|
| 1.13 | Total operating and investing cash flows (brought forward) | (2,002) | (4,083) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | - | 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 | (6) | (225) |
| | Net financing cash flows | (6) | 3,775 |
| | Net increase (decrease) in cash held | (2,008) | (308) |
| 1.20 | Cash at beginning of quarter/year to date | 2,912 | 1,216 |
| 1.21 | Exchange rate adjustments to item 1.20 | (7) | (11) |
| 1.22 | Cash at end of quarter | 897 | 897 |

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 | 98 |
| 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 | 500 |
| 4.2 Development | - |
| Total | 500 |

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 | 897 | 1,201 |
| 5.2 Deposits at call | - | 1,711 |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | 897 | 2,912 |

+ 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 | 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 | | | | |
| 7.5 +Convertible debt securities <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 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: 30 April 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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