



ODYSSEY
ENERGY LIMITED

ABN 73 116 151 636

NOTICE OF GENERAL MEETING

A General Meeting of the Company will be held at the Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia on Tuesday 12 August 2008 at 10.00am (WST).

This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on (08) 9322 6322.

ODYSSEY ENERGY LIMITED

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NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of shareholders of Odyssey Energy Limited (“**Company**”) will be held at the Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia on Tuesday 12 August 2008 at 10.00am (“**General Meeting**”).

The Explanatory Memorandum to this Notice of General Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Memorandum and Proxy Form are part of this Notice of General Meeting.

The Directors have determined pursuant to regulation 7.11.38 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered as Shareholders of the Company on 10 August 2008 at 5.00 pm.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Resolution 1 – Authorisation for disposal of OEL Operating (USA) Inc

To consider, and if it thought fit, pass as an ordinary resolution with or without amendment the following:

"That in accordance with Listing Rule 11.2 and for all other purposes, Shareholders approve and authorise the Company to dispose of OEL Operating (USA) Inc "OEL" pursuant to the Share Sale Agreement between the Company and Marion Energy Limited "Marion" on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this resolution by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and an associate of that person.

However, the Company will not disregard a vote if:

- a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'M Pearce', written in a cursive style.

Mark Pearce
Company Secretary
Dated: 4 July 2008

ODYSSEY ENERGY LIMITED

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EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the General Meeting to be held at the Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia on Tuesday 12 August 2008 at 10.00am.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolution set out in the Notice.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolution:

Section 2: Action to be taken by Shareholders

Section 3: Resolution 1 – Authorisation for disposal of OEL Operating (USA) Inc

Section 4: Definitions

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolution.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the General Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the General Meeting in person.

3. Resolution 1 – Authorisation for disposal of OEL Operating (USA) Inc

3.1 General

- a) Company seeks Shareholder approval under Listing Rule 11.2 for the disposal of its 100% interest in OEL, the Company's main undertaking, to Marion.
- b) Consideration for the sale is 27,500,000 Marion Shares.

c) OEL has an interest in the following projects:

Project	Approximate Acreage Participation (Acres)	Odyssey Working Interest
Blackhawk Lease	3,000	30.00%
Westport FOA and JOA	1,240	30.00%
Stone FOA and JOA	943	22.50%
Total Initial North Helper Prospect:	5,183	
North Helper - Bayless Acquisition	22,798	30.00%
Total North Helper (Utah, USA)	27,981	
Jester Bloomington	13,086	33.33%
Jester Bloomington – Harlow Acquisition	14,913	33.33%
Total Jester Bloomington (Oklahoma, USA)	27,999	

3.2 Share Sale Agreement

On 24 June 2008 Odyssey entered into a Share Sale Agreement to sell to Marion all of its shares in its wholly owned subsidiary OEL. The consideration for the sale and purchase is the issue of 27,500,000 Marion Shares. Completion of the sale and purchase is conditional on shareholder approval of the Company within 90 days of signing the agreement which is being sought in this Notice.

The Company is obliged to carry on the business of OEL in its ordinary and usual course until completion. The Company and OEL may sell OEL's interest in any project (including the Jester Bloomington Project) if Marion agrees to sell its interest in the same project on the same terms and conditions. If OEL does sell its interest in any project prior to completion the consideration of the sale of the project remains an asset of OEL at completion.

Within 60 days of settlement, Marion must issue to Odyssey a final joint venture interest billing statement in relation to the projects that OEL participates in, which must be paid by Odyssey within 30 days of receiving the final statement.

The Company has given warranties in respect of the ownership of the OEL shares and that they are not encumbered. The Company has given limited warranties in respect of the business of OEL including that they have not granted any encumbrance over the assets of OEL while OEL has been the owner of the projects.

Except as provided in the warranties, the shares in OEL are sold by the Company on an "as is" and "where is" basis and with all faults. The maximum liability of the Company to Marion is limited to the value of the Marion shares issued as consideration at the time of completion.

The Company has agreed to a voluntary escrow of the Marion Shares issued as consideration for the period which is the earlier to occur of the date:

- (a) 9 months from completion;
- (b) on which it is announced by the purchaser that the takeover offer in respect of all of the Marion shares has occurred which is recommended by the Board of Marion;
- (c) on which both:
 - (i) the offeror under a takeover offer in respect of all Marion Shares announces that it has achieved acceptances in respect of more than 50% of the Marion Shares; and
 - (ii) that takeover bid has become unconditional; and
- (d) on which it is announced by Marion that shareholders of Marion have at a court convened meeting of shareholders voted in favour by the necessary majority of a Scheme of Arrangement under which all shares in Marion are to be either:
 - (i) cancelled; or
 - (ii) transferred to a third party.

3.3 Future of Company after completion of the Share Sale Agreement

After completion of the Share Sale Agreement:

- a) Company will maintain its shareholding in Marion until the expiry of the escrow period. The Odyssey Board will examine the most appropriate alternatives for the shareholding in Marion upon the expiry of the escrow period, which may include a return of capital;
- b) Company will continue to act as operator for its Woodford Shale Project in Oklahoma (50% working interest), and will continue to evaluate this project over the coming months with a view to undertaking a drilling programme in 2009; and
- c) Company will continue to progress a number of other projects currently being evaluated by the Board. The Directors are experienced in evaluating acquisition and investment opportunities in the natural resources sector and are able to call on independent expertise in the sector. The Board has considerable investment and commercial expertise. As the Company is disposing of its main undertaking it will consider the application of Listing Rule 11.1.2 (shareholder approval of the acquisition) and Listing Rule 11.1.3 (application of chapter 1 and 2 of the Listing rules to the acquisition) at the time of any future acquisition. Depending on the size and the nature of any acquisition these Listing Rules may apply to the transaction.

As previously advised to the market, the timing and structure of a proposed rights issue was being reassessed. The Board has now decided not to proceed with the rights issue.

3.4 Advantages and disadvantages of the Share Sale Agreement

The advantages and disadvantages of the transaction are as follows:

- a) Advantages:
 - (i) The Company will realise a substantial amount for the disposal of OEL leaving the Company in a strong net asset position.
 - (ii) The value of the Company's Shares have increased since the announcement of the sale of OEL.

- (iii) The Directors have examined a number corporate alternatives over the last 6 months and are satisfied that the terms of the Share Sale Agreement contains the best possible price attainable for OEL and is the best course of action the Company can take.
- (iv) Continued exposure to the upside from the Company's current projects as Marion have a majority interest and is operator of both the North Helper and Jester-Bloomington Projects
- (v) Reduced requirements for working capital going forward, which is of particular importance as it is expected that Marion, as operator, will commence a new drilling campaign at North Helper in the coming months targeting the recently discovered deeper zone (Morrison Formation), which commenced production at a rate of 1.5 million cubic feet of gas per day ("mmcfpd").
- (vi) The Company will hold an 8.4% (7.3% fully diluted) interest in Marion. This will provide the Company with exposure to:
 - Marion's cornerstone project, Clear Creek, which is expected to see increased reserves and production over the coming months;
 - Marion's increased interest to 100% at North Helper and 100% in the majority of the Jester-Bloomington project area (with 67% in the remaining leases), which is expected to increase the ultimate value of Marion's projects;
 - Marion's combined Proved and Probable (2P) reserves base (upon completion) assessed at approximately 319 billion cubic feet, with further reserve additions anticipated at Clear Creek and Helper during mid 2008.

b) Disadvantages

- (i) The Company will cease to retain any direct upside exposure to the projects of OEL. However as discussed above, the Company will maintain an indirect ability to gain from the upside of the projects of OEL as the consideration is shares in Marion.
- (ii) There is a risk that Company's remaining project, the Woodford Shale Project, may not be successful and/or the Company may not be able to locate and acquire suitable new projects in the resources sector.
- (iii) The market value of Marion's shares may decrease. The Directors do not currently intend to undertake any form of hedging to reduce the financial impact should this occur.
- (iv) The Company will be required to pay tax in the USA on the profit made on the sale of OEL during the 30 June 2009 financial year. See section 3.5 for further details on the value of the potential tax liability.

3.5 Pro-Forma consolidated balance sheet

	Reviewed at 31 Dec 2007 \$	Pro-forma Adjustments \$	Pro-forma Balance Sheet \$
Current Assets			
Cash and cash equivalents	2,912,431	(2,862,431)	50,000
Trade and other receivables	83,614	-	83,614
Total Current Assets	<u>2,996,045</u>	<u>(2,862,431)</u>	<u>133,614</u>
Non-Current Assets			
Property, plant and equipment	29,929	-	29,929
Exploration Expenditure (iii)	16,668,442	(16,318,442)	350,000
Investment (i) (iii)	-	30,525,000	30,525,000
Total Non-Current Assets	<u>16,698,371</u>	<u>14,206,558</u>	<u>30,904,929</u>
TOTAL ASSETS	<u>19,694,416</u>	<u>11,344,127</u>	<u>31,038,543</u>
Current Liabilities			
Trade and other payables (iv)	2,262,537	(1,850,000)	412,537
Borrowings (v)	-	350,000	350,000
Provision for Income Tax (ii)	-	4,367,000	4,367,000
Total Current Liabilities	<u>2,262,537</u>	<u>2,867,000</u>	<u>5,129,537</u>
Non-current Liabilities			
Borrowings	2,824,900	-	2,824,900
Total non-current Liabilities	<u>2,824,900</u>	<u>-</u>	<u>2,824,900</u>
TOTAL LIABILITIES	<u>5,087,437</u>	<u>2,867,000</u>	<u>7,954,437</u>
NET ASSETS	<u>14,606,979</u>	<u>8,477,127</u>	<u>23,084,106</u>
EQUITY			
Issued equity	18,260,159	-	18,260,159
Reserves (vi)	(1,444,301)	2,085,606	641,305
Accumulated losses	(2,208,879)	6,391,521	4,182,642
TOTAL EQUITY	<u>14,606,979</u>	<u>8,477,127</u>	<u>23,084,106</u>

Basis of Preparation

The pro-forma consolidated balance sheet has been prepared in accordance with the draft ASIC Guide to Disclosing Pro-Forma Financial Information (issued July 2005). The pro-forma balance sheet is based on the reviewed balance sheet at 31 December 2007 that has then been adjusted to reflect the following material transactions:

Assumptions on the Disposal of OEL:

- i) Consideration for sale of OEL, 27.5 million Marion Shares at an assumed value of \$1.11 per Marion Share (Closing value at 23 June 2008 for Marion Shares). It should be noted, that the actual value received by Odyssey may change at the date of settlement. This will affect the value of the Marion Shares, tax payable on the sale of OEL and the profit made by Odyssey on the sale of OEL.
- ii) Provision for Income Tax payable in the USA on the profit of the disposal of OEL, at an income tax rate of 34% (USA rates). If the value of the Marion Shares increases or decreases at settlement, then the provision for income tax will change accordingly.
- iii) Assumes sale of OEL.
- iv) Assumes payables reduced by \$1,850,000.
- v) Assumes borrowings of \$350,000, pursuant to a total short term debt facility of \$1.1m.
- vi) Realisation of a foreign currency exchange losses on translation and consolidation of OEL, which were deferred in a reserve.

3.6 Directors' Recommendation

The Directors consider that the terms of the Share Sale Agreement are fair and reasonable and unanimously recommend that Shareholders vote in favour of the sale of its 100% interest in OEL by voting in favour of Resolution 1.

In considering their recommendation the Odyssey Directors believe Shareholders should be aware that a number of Directors hold securities in Marion and Odyssey, as follows:

	Interest in Odyssey Securities				Interest in Marion Securities
	Odyssey Shares	Odyssey \$0.20 Unlisted Options	Odyssey \$0.60 Unlisted Options	Odyssey \$1.00 Unlisted Options	Marion Shares
Ian Middlemas	2,900,000	-	-	-	9,250,000
Mark O'Clery	500,000	300,000	600,000	600,000	-
Mark Pearce	1,016,000	-	250,000	250,000	1,108,270

4. Definitions

In this Explanatory Memorandum and Notice:

ASIC means Australian Securities and Investments Commission.

ASX means Australian Securities Exchange.

Board means the board of Directors.

Constitution means the Constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Listing Rules means the listing rules of ASX.

Marion means Marion Energy Limited ACN 000 031 292.

Marion Share or **Marion Shares** means a fully paid ordinary share in the capital of the Marion.

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means this notice of meeting.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution contained in this Notice.

Share or **Shares** means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Odyssey means Odyssey Energy Limited ACN 116 151 636.

WST means Western Standard Time, being the time in Perth, Western Australia.

In this Notice, words importing the singular include the plural and vice versa.

ODYSSEY ENERGY LIMITED

ABN 73 116 151 636

PROXY FORM

The Company Secretary
Odyssey Energy Limited

By delivery:
Level 9, 28 The Esplanade
PERTH WA 6000

By post:
PO Box Z5083
PERTH WA 6831

By facsimile:
+61 8 9322 6558

I/We ¹ _____

of _____

being a Shareholder/Shareholders of the Company and entitled to _____

votes in the Company, hereby appoint ² _____

or failing such appointment the chairman of the General Meeting as my/our proxy to vote for me/us on my/our behalf at the General Meeting of the Company to be held at 10.00am on 12 August 2008 (WST) at the Plaza Level, 28 The Esplanade, Perth, Western Australia and at any adjournment thereof in the manner indicated below or, in the absence of indication, as he thinks fit. If 2 proxies are appointed, the proportion or number of votes of this proxy is authorised to exercise is * []% of the Shareholder's votes*/ [] of the Shareholder's votes. (An additional Proxy Form will be supplied by the Company, on request).

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

The chairman of the General Meeting intends to vote undirected proxies in favour of the Resolution.

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Authorisation for disposal of OEL Operating (USA) Inc	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Authorised signature/s This section **must** be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

¹Insert name and address of Shareholder

² Insert name and address of proxy

*Omit if not applicable

Proxy Notes:

A Shareholder entitled to attend and vote at the General Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that General Meeting. If the Shareholder is entitled to cast 2 or more votes at the General Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that General Meeting, the representative of the body corporate to attend the General Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the General Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Perth office of the Company (Level 9, 28 The Esplanade, Perth, WA, 6000, or by post to PO Box Z5083, Perth, WA, 6831 or Facsimile (08) 9322 6558 if faxed from within Australia or +618 9322 6558 if faxed from outside Australia) not less than 48 hours prior to the time of commencement of the General Meeting (WST).