



ODYSSEY ENERGY LIMITED

ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 4 SEPTEMBER 2008

SALE OF TWO GAS PROJECTS TO MARION ENERGY COMPLETED

The Board of Odyssey Energy Limited (“Odyssey” or “Company”) is pleased to announce that the sale of its subsidiary OEL Operating (USA) (“OEL”) to Marion Energy Limited (“Marion” - ASX Code: MAE) for 27.5 million Marion Shares has now settled.

OEL holds a 30% working interest in the North Helper Project and a 33% working interest in the Jester-Bloomington Project. The sale was approved by Odyssey Shareholders in August 2008.

Odyssey now holds 27.5 million Marion shares providing Odyssey’s shareholders with:

- *Continued exposure to the upside from the North Helper and Jester-Bloomington Project; as Marion have a majority interest and is operator of both Projects;*
- *Reduced requirements for working capital going forward, which is of particular importance as Marion have announced a new drilling campaign at North Helper in the coming weeks 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”);*
- *As a substantial shareholder in Marion, exposure to:*
 - *Marion’s cornerstone project, Clear Creek, in which Marion is currently undertaking a new drilling program and 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 in the coming months.*

The shares issued by Marion are subject to a voluntary escrow period of 9 months. The Odyssey Board will examine the most appropriate alternatives for the shareholding in Marion upon the expiry of the escrow period.

The Company will now focus on evaluating the merits of its new 1,626 acre gas and associated oil exploration project in Oklahoma where it has a 50% Working Interest. Odyssey will also continue to consider new business opportunities.

Enquiries-

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