



ODYSSEY
ENERGY LIMITED

ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 30 APRIL 2009

MARCH 2009 QUARTERLY REPORT

The Board of Odyssey Energy Limited ("Odyssey" or "Company") is pleased to present its March 2009 quarterly report.

As previously advised, the Company has reviewed its ongoing cash outflow requirements resulting in overheads and exploration expenditure being substantially reduced.

Consequently expenditure and activities on the Company's McClain County Project were limited to desktop reviews of geological information over the March quarter. The Board will re-assess this approach mid-year or should the equity and/or oil and gas markets materially change.

As announced in September 2008, the Company completed the sale of its subsidiary OEL Operating (USA) ("OEL") to Marion Energy Limited ("Marion"), in consideration for 27.5 million Marion Shares (ASX Code MAE). These shares are subject to escrow until 4 June 2009.

The sale of OEL to Marion has reduced the Company's working capital requirements, and as a substantial shareholder in Marion, provided Odyssey with exposure to Marion's cornerstone project, Clear Creek.

Marion has announced today that the major global corporate advisory firm, Goldman Sachs, has now formally commenced the process to find a suitable buyer or merger for Marion and/or its assets.

Marion has also announced today a new reserves report (see ASX release dated 30 April 2009) with revised Proved and Probable (2P) reserves of 225 Bcf (3P reserves are 243 Bcf). The revised reserves report reflects the reduced gas prices since the last reserves report prepared in mid 2007.

Enquiries-

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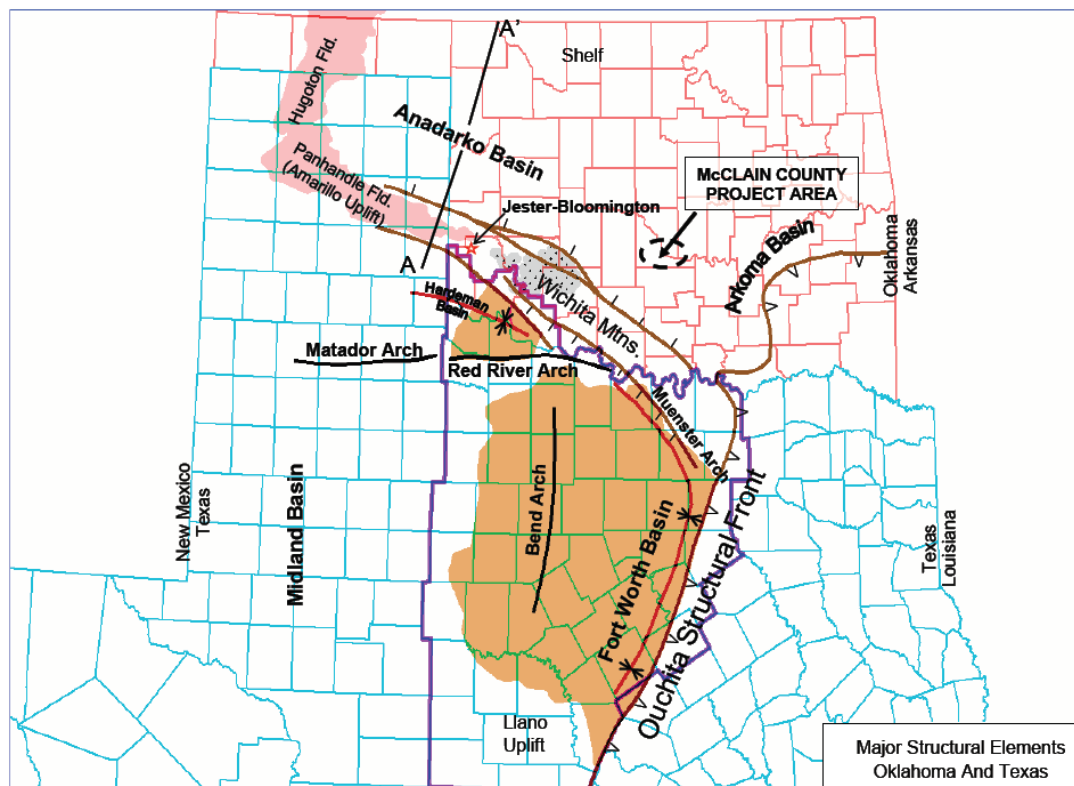
Operations - McClain County Project – Odyssey 50% WI:

In mid 2008 Odyssey acquired a 50% working interest in a new project area in Oklahoma comprising 1,626 gross acres, and targeting gas and associated oil in the Woodford Shale at between 6,000 and 8,000 feet.

The Company is undertaking desktop geological and other technical studies which will continue through 2009, initially focusing on the results achieved by other operations in the area. Based on this work the Company may exercise an option (expiring 30 June 2009) to acquire the remaining 50% interest in the project and consider an exploratory drilling program in late 2009 or 2010, however the timing and extent of any drilling will be subject to the availability of funding.

The profile of the Woodford play in southern Oklahoma increased significantly in early 2008 with major US operator Cimarex announcing a horizontal discovery well with an initial flow rate of 3.0 mmcf/d and an aggressive follow-up exploration campaign. By the end of September, Cimarex had participated in 18 horizontal wells (with average initial production rates of 5.0 mmcf/d) and announced in October 2008 the acquisition of 38,000 acres from Chesapeake for US\$180 million.

There have been approximately 25 operating companies in the Woodford play, with the most active Newfield Exploration investing almost US\$500 million in exploration & production activities in 2008, operating 10+ rigs and targeting the Woodford section between 6,000 and 13,000 feet across a 165,000 acre lease position.



McClain County Oil & Gas Project, South-Central Oklahoma

Corporate

Business Development

The Company continues to examine new business opportunities in the energy sector, both domestic and overseas.

Funding

The Board continues to examine a number of funding alternatives, which may include further capital raisings and/or additional debt facilities. The Company recently entered into a revised unsecured short term loan facility of up to \$800,000 (currently drawn down to \$550,000).

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 2009

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	347
1.2	Payments for		
	(a) exploration and evaluation	-	(189)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(12)	(144)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	1
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	(6)	(24)
Net Operating Cash Flows		(82)	(200)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(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) - Sale of assets expenditure	-	(9)
Net investing cash flows		-	(9)
1.13	Total operating and investing cash flows (carried forward)	(82)	(209)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(82)	(209)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	50	200
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material) - capital raising expenses	-	-
	Net financing cash flows	50	200
	Net increase (decrease) in cash held	(32)	(9)
1.20	Cash at beginning of quarter/year to date	83	57
1.21	Exchange rate adjustments to item 1.20	-	3
1.22	Cash at end of quarter	51	51

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	-
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	800	550
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	-
Total	200

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	51	83
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	51	83

+ See chapter 19 for defined terms.

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			

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 (description)				
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 (description)	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 (description and conversion factor)	850,000 1,400,000	Nil	Exercise price \$0.60 Exercise price \$1.00	Expiry date 30 June 2009 Expiry date 31 December 2009
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

+ 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 ~~/does not*~~ [\(delete one\)](#) give a true and fair view of the matters disclosed.

Sign here: Date: 30 April 2009
(~~Director~~/Company secretary)

Print name: MARK 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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