

ASX RELEASE

23 February, 2009

Suite 3.14, Pacific Tower,
737 Burwood Road, Hawthorn,
VIC 3122 Australia.

Telephone: +61 3 8862 6466

Facsimile: +61 3 8862 6614

www.marionenergy.com.au

ACN 000 031 292

PROGRESS UPDATES: RESERVE REPORT PREPARATION, POTENTIAL SALE OF COMPANY AND/OR ASSETS, PRODUCTION/OPERATIONS.

Marion energy Limited (ASX:MAE) is pleased to announce the following Progress Updates to the ASX.

Reserve Report Preparation

As recently advised, the review of the Company's Reserve Report (last done in June 2007) is currently being undertaken by Reserve Engineers, William Cobb and Associates, and is now well in progress with Cobb personnel recently making a field trip to view all the Company's operations. The drilling operations undertaken since June 2007 have been significant and the impact of these is not reflected in the June 2007 Report which certified 2P Reserves at 319 Billion cubic feet (Bcf) of gas. The upgraded Reserve Report will help determine the value of the Company and is an essential part of the recently announced (February 16, 2009) process of a possible sale of the Company and/or its assets (refer below). At this time it is expected the Reserve Report will be finalised and the results advised to the ASX in March, 2009.

Possible Sale of Company and/or its Assets

On February 16, 2009 the Company advised the ASX that it had mandated Goldman Sachs & Co to commence a process that may possibly result in a sale of the Company and/or its assets. Since the Announcement the Company has already received inquiries of a preliminary nature from a number of industry parties. Once the updated Reserve Report (refer above) is available, Goldman Sachs will commence the formal process relating to this matter.

Production/Operations

The December 2008 Quarterly Report for the Company contained a very comprehensive report on field operations that had been undertaken during the previous twelve to eighteen months. Despite the major challenges faced due to size and complexity of operations, in the December 2008 Quarter the Company reached a point where it was confidently able to state

that its wells collectively had reached a level of operations at which they were capable of producing 5 million cubic feet of gas per day, that it would in the near term be able to sustain this level and increase it and that it remained confident of ultimately reaching its targets for production.

Since the last production announcement, the operating environment has remained challenging due to the impact of severe weather and necessary resultant infrastructure upgrades. This has resulted in significant downtime and which in turn significantly curtailed production during the period. All of the Clear Creek wells are currently being brought back onto normal production operations successfully with more sustained run time also now being achieved. Further updates will be provided as milestones are achieved and material information becomes available.

The Company will provide further updates to the above as they become available.

For further information contact:

North American Contact: Mr Jeff Clarke
Managing Director & CEO
Ph: +00111 972 540 2967
Email: jclarke@marionenergy.com

Australian Contact: Mr Peter Collery
Executive Director and Company Secretary
Ph: 03 8862 6466
Email: peter@marionenergy.com.au