MARION ENERGY LIMITED

14 AUGUST 2009

ASX Release

Operational strategy to maximise potential of key Clear Creek and Helper gas wells

- **Comprehensive operational review completed**
- **Program of works for next six months to bring key wells into production and deliver cash flow**
- **Prudent staged approach to maximising the most potentially productive wells**
- **Re-engineering of operations to enhance asset values and maximise returns for shareholders in sale process**

Marion Energy Limited (ASX:MAE) is pleased to outline the Company's operational strategy aimed at delivering sustainable, long term and profitable production from key Helper and Clear Creek wells.

As announced to the market on 10 August 2009, the Company has been examining options to re-engineer operations to enhance asset values and maximise shareholder returns.

The Company, in conjunction with external consultants, has now completed a comprehensive review of existing operations at Clear Creek and Helper and a program of works for the next six months has now been designed to bring key wells back on stream, manage technical, pricing and operational issues and realise the strong flow rates identified during initial testing.

The scope of the works over the next six months will include targeting between four and six key Clear Creek/Helper wells to be brought back onstream. These wells are considered likely to be the most productive of all the wells in terms of volumes of gas and net contribution to revenue.

Marion Chief Executive Officer Jeff Clarke said the Company would take a prudent, staged approach to bringing the wells back on line.

"We believe it will take up to six months to bring the targeted wells back on to full sustainable production," he said.

"We're very conscious of the earlier difficulties experienced and believe these may have been caused in part by trying to bring the wells on too quickly.

"However, we're focused on delivering sustained flows from what we believe to be potentially highly productive wells in line with historical results and we believe our strategic approach places us in the best position to do so."

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The program will commence with the Ridge Runner 11-17 (RR 11-17) well at Clear Creek. This well production tested at an average rate of between 5 and 7 million cubic feet of gas per day over an extended time.

Works on the well will include a clean-up period, as the well has been shut in for approximately six months and there is an amount of drilling, frac and other fluids from earlier operations still present in the reservoir requiring removal.

A workover rig has been contracted and brought onto the well site in anticipation of the commencement of the work program and further updates will be provided to the market as this process progresses.

Once the RR 11-17 well is flowing gas into the sales distribution system at an acceptable sustainable level, similar operations will commence on the next well to be targeted in the program.

In parallel with these activities, the Company also plans to production test the Oman 10-29 well drilled at Clear Creek in late 2008. Although brief and incomplete testing was undertaken, initial work delivered strong indications of gas encountered before the well was shut in due to difficult weather conditions.

Mr Clarke said the program was part of a dual strategy to maximise shareholder value.

“Not only will production from the target wells provide cash flow and underpin further operational improvements, it will enhance asset value to support the current sale process being undertaken by Goldman Sachs.

“I look forward to providing further updates as we move forward with these developments and remain confident that our approach will deliver long term sustainable production from our assets,” he said.

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