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ASX Release

Gas recovered from Coal Seam deposit in Oman 2-20 well located at Clear Creek: Potentially significant gas resource

HIGHLIGHTS

- Gas recovered from Ferron Coal Seam measures at Clear Creek.
 - Ferron/Emory Coal Seam Gas in Place estimated by Ryder Scott to be 814 billion cubic feet of gas (Bcf). Marion estimates up to 70% of this will be recoverable, i.e., 570 Bcf of gas.
 - Further work will be undertaken on Ferron/Emory Coal Seam measures over next 6 months.
 - Marion has 100% Working Interest in Clear Creek project.
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Marion Energy (ASX: MAE) is pleased to report that it has recently recovered gas flows from the unconventional Ferron Coal Seam measures encountered in the Oman 2-20 well located at Clear Creek, Utah, USA. Current remediation/workover operations on the Ferron Sandstone reservoir in this well have now also started to recover gas from the unconventional Ferron Coal Seam measures. This gas is in addition to the gas currently being recovered from the conventional Ferron Sandstone reservoir.

The flow rate of gas being recovered from the Coal Seam measures is currently unstable and it is therefore impossible at this stage to estimate the significance of these gas flows.

The recovery of the gas is, however, potentially significant. In November, 2008 the Petroleum Engineering consulting firm of Ryder Scott Company, L.P. (one of the world's pre-eminent oil and gas consulting engineers) prepared a report for the Company that estimated the Gas in Place in the Coals Seams at Clear Creek to be 814 billion cubic feet (Bcf) of gas. Marion believes ultimately up to 70% of the Gas in Place may be recoverable, potentially adding up to approximately 570 Bcf of reserves to the Company.

Caution must be exercised in assessing this gas discovery as significant additional work will be needed to prove up the resource. This work will be undertaken as part of the recently announced (ASX Announcement of June 2, 2010) Operational Program to be undertaken at Clear Creek through to the end of 2010.

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