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ASX RELEASE

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DRILLING UPDATE, HELPER, UTAH – PROGRESS REPORT ON CORDINGLEY CANYON 15-2 WELL, SPUDDING OF CORDINGLEY CANYON 15-1 WELL

1. Progress Report - Cordingley Canyon 15-2 Well

Marion Energy Limited (ASX: MAE, MAEO) as Operator is pleased to announce the successful drilling of the Cordingley Canyon 15-2 well to its targeted depth of 5,045 feet. Initial indications are very encouraging with numerous gas shows encountered during drilling. This well is the third well in a 10 well program currently planned for the Helper project in Utah. This well will be completed and flow tested over an extended period to establish a stabilised flow rate following the drilling of the Cordingley Canyon 15-1 and Ball Park Canyon #1 wells (refer below).

2. Spudding of Cordingley Canyon 15-1 well.

The Company is also pleased to advise that the Cordingley Canyon 15-1 well was spudded on 18 January, 2006. This well is the fourth well in the program. After drilling this well, the drilling rig will immediately be moved to the Ball Park location to spud the Ball Park Canyon #1 well.

After the Ball Park Canyon #1 well is drilled, completion and flow testing operations will then commence for the three new wells (Cordingley Canyon 15-2 and 15-1 wells and Ball Park Canyon #1 well). Further details on these operations will be provided to the ASX as warranted by progress. In the absence of encountering any unforeseen operational difficulties, it is anticipated that all three new wells will be completed and tested within the March 2006 quarter.

In the Helper project, to date, Marion has drilled and completed the KRR #1 well which tested 1.3 million cubic feet of natural gas per day and which is over 4 times the average flow rate for the area and is currently in the process of completing and testing the KRR #2.

The Helper project comprises approximately 5,000 acres located along the northern edge of the Helper Field which is part of the substantial Drunkards Wash complex, the largest producing gas field in Utah.

Working interests in the Cordingley Canyon 15-2 are as follows

Marion Energy	(ASX: MAE, MAEO)	47.8125%
Odyssey Energy	(ASX:ODY)	11.25%
Stone Energy		25.00%
Pegasi Energy		7.96875%
Private Interests		7.96875%

Working interests in the Cordingley Canyon 15-1 and the Ball Park Canyon #1 wells are as follows:

Marion Energy	63.75%
Odyssey Energy	15.00%
Pegasi Energy	10.625%
Private Interests	10.625%

Marion Energy Limited is aggressively pursuing a low risk strategy to increase reserves and production of non-conventional natural gas in the onshore USA. The company plans to develop low cost reserves by exploiting mature reserves and finding new reserves in existing producing areas. Favorable industry fundamentals, including record high natural gas prices, advances in drilling, completion and fracture stimulation techniques, coupled with ready access to infrastructure have allowed the company to pursue several attractive investment opportunities. The company currently has in its portfolio an inventory of two to three years of drilling opportunities, which if successful could create a substantial reserve base.

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