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ASX RELEASE

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DRILLING AND OPERATIONS UPDATE, HELPER, UTAH AND DRILLING PLANS AND OPERATIONS UPDATE FOR CLEAR CREEK, UTAH

The Company is pleased to report that considerable progress has been made in its drilling program at Helper, Utah as outlined below and that it plans to commence drilling at Clear Creek.

HELPER.

1. Progress report – Drilling of Ball Park Canyon #1 well to target depth.

Marion Energy Limited (ASX: MAE, MAEO) as Operator is pleased to announce the successful drilling of the Ball Park Canyon #1 well to its targeted depth of 4,650 feet. Preliminary indications are very encouraging with numerous gas shows encountered during drilling. This well is the fifth well in a 10 well program currently planned for the Helper project.

2. Commencement of completion and testing of Cordingly Canyon 15-1 and 15-2 wells and Ball Park Canyon #1 well.

The Company will now commence completion and testing of the Ball Park Canyon #1 well and the Cordingly Canyon 15-1 and 15-2 wells (drilled in January and February 2006). All three wells encountered numerous gas shows during drilling. In the absence of encountering any unforeseen operational difficulties, it is anticipated that stabilised flow rates for all three wells will be established and results announced by the end of March, 2006. These wells followed the successful testing in January 2006 of the KRR #1 well which flowed at a rate of 1.3 million cubic feet of gas a day.

AUSTRALIA / AMERICA

3. Completion and testing of KRR# 2 well.

Completion and testing of the KRR #2 well was slightly delayed due to adverse weather conditions. Snowfalls in the area have been twice the historic average. However, access to the well site has recently improved and these operations are now nearly completed and it is anticipated that a final stabilised flow rate will be announced in the near future. The initial completion results are very encouraging.

4. KRR #1 well placed on production.

The KRR #1 well will be put on production in the next week. This well tested at a flow rate of over 4 times the average flow rate for the area. Cash flow from this well is expected to exceed US$1 million per annum to the Company.

5. Three new wells to be drilled at Helper.

Following the very strong gas flow rate established in the KRR #1 well, the early encouraging results in the completion of the KRR #2 and the numerous gas shows encountered in the drilling of the Cordingly Canyon 15-1, 15-2 and Ball Park Canyon #1 wells, the Company and its partners have decided to accelerate the drilling program at Helper.

Accordingly, the Company expects to commence the drilling of three new wells at Helper in the next four to six weeks.

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 KRR #1, KRR #2, Cordingly Canyon 15-1 and the Ball Park Canyon #1 wells are as follows:

Marion Energy	(ASX: MAE, MAEO)	63.75%
Odyssey Energy	(ASX: ODY)	15.00%
Pegasi Energy		10.625%
Private Interests		10.625%

Working interests in the Cordingly 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%

CLEAR CREEK, UTAH

Application for permits has been submitted for four wells at Clear Creek and a rig is being contracted to commence drilling with a planned start date for drilling operations in March, 2006. The Company has a 67.5% working interest in this project.

6. Testing of Utah Fuel #2.

The testing of Utah Fuel #2 is continuing. Results continue to be encouraging.

The Clear Creek unit - which comprises approximately 17,090 acres - is located in Carbon and Emery counties approximately 12 miles west of the Drunkards Wash field in the Uinta Basin in central Utah.

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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