MARION ENERGY LIMITED

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

ASX RELEASE

25 June 2007

INDEPENDENT RESERVE REPORT ESTABLISHES SUBSTANTIAL PROVED AND PROBABLE (2P) GAS RESERVES OF 264 BCF NET TO MARION IN ITS UTAH AND OKLAHOMA, USA PROJECTS

Marion Energy Limited ("Marion" or "Company") (ASX: MAE) is pleased to announce the results of the first independent certification of reserves at its Clear Creek and Helper projects in Utah and its Jester-Bloomington and Willow projects in Oklahoma. Gross Proved and Probable (2P) natural gas reserves for these projects total 408 billion cubic feet ("Bcf"), with Proved and Probable ("2P") gas reserves net to Marion of 264 Bcf, comprising:

- 218 Bcf of net 2P reserves in Clear Creek, Utah (92.5% working interest);
- 19 Bcf of net 2P reserves in Helper, Utah (49.75% working interest); and
- 27 Bcf of net 2P reserves in Jester-Bloomington and Willow, Oklahoma (33.33 & 66.67% working interest).

This is a large 2P gas reserve, both in absolute terms and in relation to Marion's market capitalization. In addition, there exists significant upside ('Possible reserves') attributable to these projects, including the extension of the Ferron, Emery and Mancos objectives at Clear Creek; the extension of the Ferron, Mancos, Mesa Verde, Dakota and Blackhawk objectives at Helper; and infill drilling increasing the drilling density to 10 or 20 acres from the currently planned 40 acre spacing at Jester-Bloomington and Willow. The Possible reserves are substantial in relation to the above announced 2P reserves. 2P reserves are expected to further increase with drilling planned for the next 12 months.

Due to the lack of activity in its East Texas project over the last 12 months, Marion has decided not to update the reserve report for that project.

The reserve certification was undertaken by William M. Cobb and Associates, Inc., a highly respected independent petroleum and reservoir engineering firm which acts for many major oil & gas companies and banks both in the US and internationally.

Commenting on the reserve certification, Marion's CEO Jeff Clarke said "This reserve report is a great result for Marion's investors. It represents a major milestone in building a substantial asset base. The next step for the Company will be to achieve production and cash flow - which are inevitably generated by such high quality assets – in the short term. Although it has taken Marion longer than originally anticipated to get to this point, a very valuable asset has been created in only 2 ½ years. "

Reserves:

Clear Creek – Reserves Net to Marion's Working Interest

	Proved	*Probable*	***Total 2P***
Project Total	*130 Bcf*	*88 Bcf*	*218 Bcf*

Helper – Reserves Net to Marion's Working Interest

	Proved	*Probable*	***Total 2P***
Project Total	*2 Bcf*	*17 Bcf*	*19 Bcf*

Jester-Bloomington & Willow – Reserves Net to Marion's Working Interest

	Proved	*Probable*	***Total 2P***
Project Total	*8 Bcf*	*19 Bcf*	*27 Bcf*

Qualifications of Certifying Group:

William M. Cobb & Associates, Inc. is located in Dallas, Texas, USA and was formed in 1983 and provides quality reservoir engineering, formation evaluation, and geological services to the petroleum and natural gas industry.

Its clients include integrated oil companies, independent producers, investors, financial institutions, governmental agencies, and the legal community. Their website is www.wmcobb.com.

The reserve evaluation detailed in this report was performed by Mr Brent Hale of William M. Cobb & Associates, Inc. which has consented to the use in this public filing of the data contained within the reserve report. Mr Hale is a Senior Engineering Adviser with more than five years of industry experience and holding a Masters degree in Petroleum Engineering from the University of Wyoming.

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. Favourable industry fundamentals 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 a large inventory of drilling opportunities, which if successful could significantly increase its reserve base.

For further information contact:

North American Contact:	*Mr Jeff Clarke* *Managing Director & CEO* *Ph: +0011 214 244 7690* *Email: jclarke@marionenergy.com*
Australian Contact:	*Mr Peter Collery* *Executive Director and Company Secretary* *Ph: 03 8862 6466* *Email: peter@marionenergy.com.au*