

**31 July 2014**

### **Quarterly Activities Report – 30 June 2014**

Marion Energy Limited (ASX: MAE) is pleased to present its quarterly activities report dated 30 June 2014.

#### **Highlights:**

- Operational progress
- Natural gas passed Questar quality test
- Successful EGM – all resolutions carried
- Castelake forbearance agreement executed and exchanged
- 333 Capital mandate signed
- Raised A\$1.19 million debt facility
- Initiated reserve report review

#### **Operations Update**

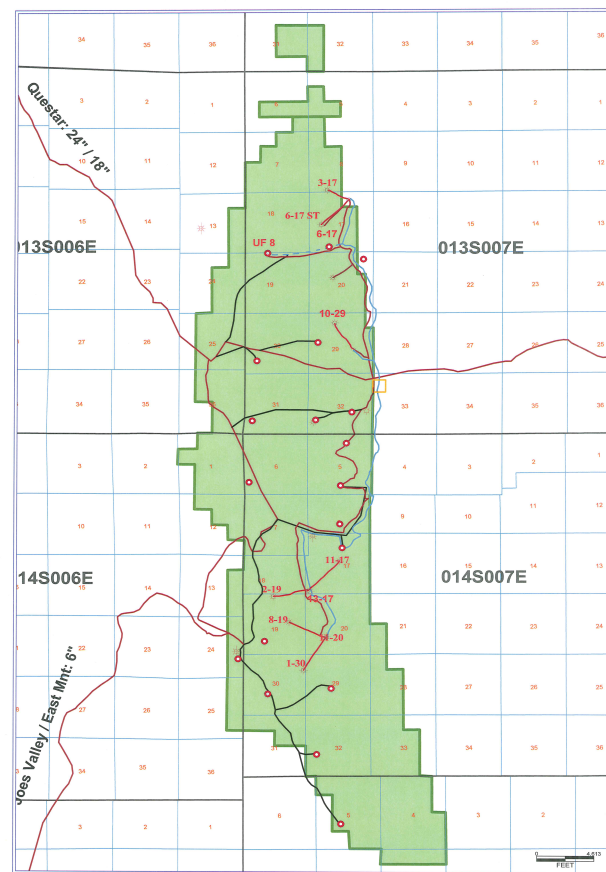
Operations towards achieving stable production levels are ongoing at the following wells:

- ASD 6-17
- Oman 2-20
- UF #8
- RR 13-17
- RR 11-17
- RR 2-19
- RR 13-17
- RR 1-30
- RR 11-20

Following the successful refurbishment of the existing wells and infrastructure at Marion's Clear Creek field in Utah, production operations are ongoing at the wells listed above.



Operational results have been encouraging, although progress has been slower than expected due to winter weather conditions lasting well into May. During the quarter, the Questar gathering line developed a leak further delaying the onset of substantial natural gas sales. After the necessary repairs were made, the natural gas quality did not meet the Questar specifications required for the gas to be sold into the intra state pipeline. For a period, the gas was vented to atmosphere while it was cleaning up. Eventually, it was tested by Questar inspectors and met requirements on June 28, 2014 and again in July 2014. Now, the Company expects the production rate to increase steadily as various wells begin to contribute more to the production stream as they clean up and the fluid levels are drawn down in the well bores.





## Acreage Position

Project	Acreage	Working Interest
Clear Creek	17,775	100%
Helper	3,600	100%
Oklahoma	12,316	100%

## Corporate

Marion held an Extraordinary General Meeting on June 19, 2014, during which all resolutions put to the members were carried, including the re-election of Directors, the consolidation of shares, the ratification of previously issued shares and options, and the approval for the issue of certain new options and shares.

During the quarter, the Company signed a mandate with corporate advisory firm 333 Capital who will assist Marion in:

- Managing its relationship with Castlake, LP, the current lender to its wholly owned US subsidiary, Marion Energy Inc;
- Exploring the option of re-financing of the facility provided by Castlake; and
- Managing the potential sale of the Clear Creek asset.

On July 14, 2014, a Forbearance Agreement was executed and exchanged between Castlake, Marion Energy Inc and Marion Energy Limited. It provides for a standstill in relation to any enforcement under the existing loan agreement between the parties until August 30, 2014. The process of refinancing the Castlake credit facility is ongoing. The strategic goal to sell the Company's Clear Creek asset remains unchanged.

The Company is in the process of finalising the preparation of an updated reserve report. It is likely to be lodged with the ASX shortly.

Marion is continuing to take further steps in the process towards re-listing the Company's securities on the ASX.

In order to cover working capital requirements pending the refinance of the Castlake credit facility the Company has entered into loan agreements for \$1,190,000.

## Marion Energy Limited

Per:

A handwritten signature in blue ink, appearing to read "Nick Stretch".

Nick Stretch  
Company Secretary