

MARION ENERGY LIMITED

ABN 99 000 031 292

INTERIM FINANCIAL REPORT for the half-year ended 31 December 2014

The information contained in this condensed report is to be read in conjunction with Marion Energy Limited's 2014 annual report and announcements to the market made by Marion Energy Limited

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CORPORATE DIRECTORY

Directors

Bryn Hardcastle (Chairman)
Faldi Ismail
Tom Bahen

Company Secretary

Dave Filov

Registered office

108 Outram Street,
West Perth, WA, 6005
Ph: +61 8 9486 7244

Auditor

Ernst and Young
11 Mounts Bay Road
Perth, Western Australia, 6000

Share Registry

Automic Registry Services
Level 1, 7 Ventnor Avenue
West Perth, WA, Australia, 6005

Securities Exchange Listing

ASX Limited
Level 40, Central Park 152-158 St Georges Terrace
Perth WA 6000
ASX Code – MAE

MARION ENERGY LIMITED
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DIRECTORS' REPORT

Your Directors present their report, together with the interim financial statements of Marion Energy Limited ("the Company") and controlled entities ("the Group") for the half-year ended 31 December 2014.

Directors

The names and the particulars of the Directors of the Company since the end of the financial year are:

Name	Status	Appointed
Faldi Ismail	Non-Executive Director	Appointed 28 October 2015
Tom Bahen	Non-Executive Director	Appointed 5 November 2015
Bryn Hardcastle	Non-Executive Director	Appointed 5 November 2015
Nicholas Young	Non-Executive Director	Appointed 28 October 2015, Resigned 5 November 2015
Steven Bryson Haynes	Non-Executive Director	Appointed 28 October 2015, Resigned 5 November 2015

The below named directors held office during the financial year up until the date of their resignation:

Name	Status	Appointed/Resigned
Karel Louman	Executive Director & Chief Financial Officer	Removed 28 October 2015
Stephen Watts	Non-Executive Chairman	Removed 28 October 2015
Jeffrey Clarke	Non-Executive Director	Removed 28 October 2015
Nicholas Stretch	Non-Executive Director & Company Secretary	Removed 28 October 2015

Incomplete records

On 2 February 2014, the Board resolved to place the Company into voluntary administration and appointed Mr James Downey of JP Downey and Co as voluntary administrator of the Company.

Following appointment of the administrators, the powers of the Company's officers (including Directors) were suspended and the administrators assumed control of the Company's business, property and affairs.

The financial report for the half-year ended 31 December 2014 has been prepared by Directors who were not in office for the periods presented in this report, nor were they parties involved with the Company and did not have oversight or control over the group's financial reporting systems including but not limited to being able to obtain access to complete accounting records of the Company. In addition, Directors have not been able to source books and records of the company's subsidiaries. Accordingly, the financial information of the group's subsidiaries has been deconsolidated effective 1 July 2014. The Directors who prepared this financial report were appointed on or after the 28 October 2015. Every reasonable effort has been made by the Directors to ascertain the true position of the Company as at 31 December 2014.

To prepare the financial report, the directors have reconstructed the financial records of the Group using data extracted from the Group's accounting system for the half year. However, there may be information that the current Directors have not been able to obtain, the impact of which may or may not be material on the accounts.

These financial statements do not contain all the required information or disclosures in relation transactions undertaken by the Company as this information is unascertainable due to the administration process and/or the change in directorships and key management personnel.

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DIRECTORS' REPORT

Incomplete records

Consequently, although the Directors have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001, nor is it possible to state this financial report gives a true and fair view of the Group's financial position as at 31 December 2014 and for the half-year then ended.

Review of operations

The Company commenced trading on the Australian Securities Exchange ("ASX") on the 3 July 1986. The Company was suspended from trading on ASX on 3 October 2011, due to non-lodgment of its financial report for the year ended 30 June 2011, and has remained suspended since that date.

Notwithstanding encouraging operational results, the Company was obliged to scale back field operations at its Clear Creek Utah project in September 2011 due to capital constraints. Following this, the then Board resolved to pursue a number of strategies aimed at achieving a financial restructuring through targeting a major debt reduction and recapitalisation of the Company. The Company also undertook a major scaling back of its USA office and staffing to a level appropriate to the scale of its operations.

In June 2013 the Company successfully completed a major restructuring of its external financing with TCS II Funding Solutions, LLC (Castlelake) which enabled the Company to restart and ramp up its well production operations at Clear Creek in the second half of the 2013 calendar year.

Pursuant to a loan agreement for US\$25 million, Castlelake held a first registered charge over all the assets of the Company's wholly owned subsidiary Marion Energy Inc (MEI), which includes its Clear Creek and Helper oil and gas assets, and a charge over all the assets of the Company's wholly owned subsidiary OEL Operating (USA) Inc, which included its Jester-Bloomington oil and gas assets.

On 31 October 2014, MEI filed for bankruptcy protection under the US Bankruptcy Code after being unable to find replacement funding for Castlelake. On 5 December 2014 the US Federal Bankruptcy Court refused of an application by Castlelake to set aside the bankruptcy of MEI. Following this, Castlelake and MEI came to an agreement under which Castlelake subsequently elected to purchase substantially all of MEI's assets by way of a credit bid. As announced by the Company on 28 May 2015, it was anticipated that Castlelake's decision would be ratified by the US Federal Bankruptcy Court at a hearing on 28 May 2015 and the transaction closed with an effective date of 1 June 2015. Post the creditors meeting, it was announced on the 28 May 2015 pursuant to orders made by the US Federal Bankruptcy Court, Castlelake LP proceeded to purchase all of the subsidiary Marion Energy Inc's (MEI) assets by way of a credit bid. This left the parent Marion Energy Limited without substantial assets.

Financial Position

These half-year financial statements cover the period from 1 July 2014 to 31 December 2014. These half-year financial statements report the results and the financial position that are not representative of the position of the Company following completion of the recapitalisation and should not be used as the basis for any decision about the Company or its prospects.

The loss for the six months ended 31 December 2014 was \$140,584,779 (2013: loss \$6,213,428).

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Significant events after balance date

On 2 February 2015, the Company announced that the Board resolved to appoint Mr James Downey of JP Downey & Co as voluntary administrator of the Company.

On 19 March 2015, the Company announced that at a meeting of creditors of the Company, the creditors resolved that the Company execute a deed of company arrangement ("Original DOCA") and that Mr James Downey be appointed as administrator of the deed of company arrangement (Deed Administrator). The purpose of the Original DOCA was to put in place a moratorium on all unsecured debts until the end of a further creditors' meeting which was required to be called after conclusion of the US bankruptcy process or by 19 March 2016 (whichever was the later). Post the creditors meeting, it was announced on the 28 May 2015 pursuant to orders made by the US Federal Bankruptcy Court, Castllake LP proceeded to purchase all of the subsidiary Marion Energy Inc's (MEI) assets by way of a credit bid. This left the parent Marion Energy Limited without substantial assets.

On 6 August 2015, the creditors of the Company resolved that the Company vary the Original DOCA. The following day the Company, the Deed Administrator, KM Custodians (the Company's secured creditor) and Otsana Capital (Otsana) executed a varied deed of company arrangement (DOCA), which embodied a proposal by Otsana for the recapitalisation of the Company (Recapitalisation Proposal).

A recapitalisation proposal typically involves an injection of new cash into a company that is either in financial distress or has been placed into voluntary administration. In the ordinary course, the entity will retain some or all of its assets and seek reinstatement to trading following completion of the recapitalisation.

A summary of the material terms of the Recapitalisation Proposal is set out below. Further information appears in sections 3.1 and 3.2 of the Company's notice of meeting lodged with ASX on 28 August 2015:

- a) the Company and the Deed Administrator will establish the Creditors' Trust, with the Deed Administrator acting as trustee;
- b) the assets of the Company will be transferred to the Creditors' Trust, including an amount of \$150,000 to be comprised of:
 - i. \$10,000 (Deposit), paid by Otsana upon execution of the DOCA and receipt of the Deed Administrator of an irrevocable undertaking from KM Custodians for the release and discharge of its security and to vote in favour of the Recapitalisation Resolutions, this payment was made on the 10 August 2015; and
 - ii. \$140,000 (Recapitalisation Payment), to be paid by the Company upon Shareholder approval of the Recapitalisation Resolutions. If the Company lacks sufficient funds to make the Recapitalisation Payment, Otsana will loan the Company necessary funds, with such funds to be repaid to Otsana upon reinstatement of the Company's securities to the Official List;
- c) the Company will issue 10,000,000 Creditor Shares to the Creditors Trust (to be distributed to the admitted creditors pro rata), shareholder approval was obtained on the 30 September 2015 and shares were issued on 28 October 2015;
- d) all creditors will be required to prove debts against the Trustee of the Creditors' Trust and payment will be made in accordance with the DOCA and the Creditors' Trust Deed;
- e) upon completion of the DOCA, the funds in the Creditors' Trust will be distributed as follows:
 - i. first, to the Deed Administrator and Trustee for administering the DOCA and the Creditors' Trust (including fees and disbursements);
 - ii. second, to any priority Creditors pro rata according to the amount for which each creditor shall be admitted to proof pursuant to the Creditors' Trust Deed;
 - iii. third, to KM Custodians as secured Creditor, up to \$2,674,000; and
 - iv. fourth, the remainder (if any) to be returned to the Company for distribution to unsecured Creditors;

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- f) the Deed Administrator will cause the current Directors of the Company to be removed and appoint nominees of Otsana Capital as Directors of the Company, the nominee directors were appointed on 28 October 2015;
- g) all security over the Company's assets will be discharged and released;
- h) the Company will undertake the Consolidation, the capital consolidation was approved by shareholders on 30 September 2015;
 - Consolidation of existing fully paid shares (Shares) on a one (1) for one hundred (100) basis together with the consolidation of its existing options in the same ratio as existing shares;
- i) the Company will raise up to \$750 (before costs) via the following capital raisings, the capital raising was approved by shareholders on 30 September 2015:
 - \$500 from the issue of 50,000,000 Placement Shares to clients of Otsana, (40,000,000 of which were issued on 28 October 2015); and
 - \$250 from the issue of 25,000,000 Placement Options to clients of Otsana, issued on 4 November 2015; and
- j) the Company will issue such other securities as are required by Otsana (of which there were none).

Key conditions precedent for completion of the DOCA include:

- payment of the Deposit and Recapitalisation Payment, on 10 August 2015, the deposit of \$10,000 was paid to the Deed Administrators. This amount was paid by Otsana Capital on behalf of the company in accordance with DOCA,;
- discharge and release of all security over the Company's assets;
- all subsidiaries (other than those advised by Otsana) being removed from the Company;
- termination or repudiation of existing employment and service contracts; and
- Shareholder approval being obtained to give effect to the Recapitalisation Proposal.

The conditions precedent were satisfied on 28 October 2015 and the DOCA was effectuated. On termination of the DOCA, control of the Company reverted to the officers of the Company.

On 28 October 2015, Mr Nicholas Young was appointed as Company Secretary. Mr Young resigned on the 5 November 2015 and was replaced by Mr Dave Filov.

On 5 November 2015 the Company announced the intention to acquire 100% of Global Agenda Technologies Pty Ltd ('Agenda'), an entity developing a software as a service ('SaaS'), sales conversion and social networking technology platform. The Company will seek to re-comply as a technology company on the ASX and be renamed Cre8tek Limited.

As consideration for 100% of the issued capital of Agenda, the Company will issue:

- 2,500,000 fully paid ordinary shares in MAE at a deemed issue price of \$0.02 each (Initial Consideration Shares). All consideration shares will be subject to ASX escrow provisions;
- 25,000,000 deferred consideration shares (Deferred Consideration Shares) (at a deemed issue price of \$0.02 per MAE share) upon Agenda achieving 500,000 active registered users on the Agenda Platform within 24 months of listing on the ASX (Milestone)

Settlement of the Acquisition is conditional upon the satisfaction (or waiver) of the following conditions precedent:

- Shareholder approval for the change of its business from an oil and gas company to a software and technology company;
- Shareholder approval to change the name of Marion Energy Limited to Cre8tek Limited;
- Completion of due diligence by MAE on Agenda's business and operations, to the sole satisfaction of MAE within 14 days of the HOA being executed;
- MAE obtaining all necessary regulatory approvals or waivers pursuant to the ASX Listing Rules, Corporations Act or any other law to allow MAE to lawfully complete the matters set out in the HOA

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- Execution by the Agenda shareholders of ASX restriction agreements to the Initial Consideration Shares and provision of undertakings for the escrow of any Deferred Consideration Shares
- Establishment of a performance rights plan, the terms of which are to be agreed between MAE and Agenda, and
- obtaining shareholder approval to issue 10 million performance rights to each of Faldi Ismail, Bryn Hardcastle and Tom Bahen, in tranches of 3,333,333 million performance rights each, with Share price vesting hurdles of 3 cents, 4 cents and 5 cents respectively for each tranche (based on 10 day Share VWAP), expiring 3 years after grant and otherwise on terms to be agreed.
- MAE undertaking a capital raising of not less than \$3,600,000 through the offer of MAE Shares at a price of not less than \$0.02 per MAE Share (**Capital Raising**).

As outlined above the Directors are currently working towards the restructure and recapitalisation of the Company and liaising with the ASX in relation to the reinstatement of Marion Energy Limited's securities for trading on the ASX. On 24 November 2015 the Company despatched a notice of general meeting for a meeting to be held on 23 December 2015 seeking approval for the Agenda acquisition and re-compliance with Chapters 1 and 2 of the Listing Rules.

The Company (as borrower) has entered into a loan agreement with the following three lenders:

- (a) DXB Holdings Pty Ltd, an entity associated with Mr Bryn Hardcastle;
- (b) Romfal Sifat Pty Ltd, an entity associated with Mr Faldi Ismail; and
- (c) Seamist Enterprises Pty Ltd (an unrelated entity).

Pursuant to the terms of the loan agreement the lenders have agreed (each in equal portions) to make available a loan facility of up to \$200,000, with funds drawn down to be used towards the necessary costs of the Company's re-compliance with Chapters 1 and 2 of the Listing Rules.

As at the date of this half year financial statements, the Company has drawn down \$150,000.

The loan is interest free and must be repaid within two weeks of the Company's securities being reinstated to trading following completion of the Acquisition.

Upon the occurrence of an event of default, the lenders may, for so long as the event of default is continuing, declare outstanding monies to be immediately due and payable to the lenders without the need for any further demand or notice to be given. Events of default include the Company failing to repay an amount by the due date (unremedied within 14 days), the Company failing to obtain any relevant authorisations, any warranty provided by the Company becomes false or misleading, or any part of the agreement becomes void or unenforceable.

Auditor independence and non-audit services

The auditor's independence declaration is included on page 7 of the financial report.

Signed in accordance with a resolution of the Board of Directors.

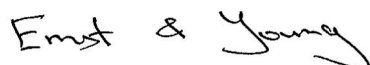


Faldi Ismail
Non-Executive Director

Dated 7 December 2015

Auditor's Independence Declaration to the Directors of Marion Energy Limited

In relation to our review of the financial report of Marion Energy Limited for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



T G Dachs
Partner
7 December 2015

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	31 December 2014	31 December 2013
	\$	\$
Revenue	370	30,716
Gain on re-measurement of royalty liability	-	599,277
Salaries and employee benefits expense	(79,167)	(1,136,609)
Production expense	-	(904,213)
Depreciation and amortisation expense	-	(14,047)
Legal and professional fees	(414,182)	(982,903)
Secretarial and listing fees	(103,800)	(30,345)
Insurance expense	-	(109,838)
Loss on deconsolidation of subsidiaries	7 (138,190,885)	-
Exchange gain/(loss)	-	(69,978)
Finance costs	(135,194)	(3,475,136)
Share based payment expense	8 (1,658,942)	-
Other expenses	(2,979)	(120,352)
Results from operating activities	(140,584,779)	(6,213,428)
Loss before income tax	(140,584,779)	(6,213,428)
Income tax expense	-	-
Loss for the period	(140,584,779)	(6,213,428)
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	18,473,866	1,467,063
Other comprehensive income for the year, net of tax	18,473,866	1,467,063
Total comprehensive income (loss) for the year	(122,110,913)	(4,746,365)
Loss attributable to:		
Members of the parent entity	(140,584,779)	(6,213,428)
	(140,584,779)	(6,213,428)
Total comprehensive loss attributable to:		
Members of the parent entity	(122,110,913)	(4,746,365)
	(122,110,913)	(4,746,365)
Basic loss per share (dollars per share)	(80.74)	(0.4)

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	31 December 2014	30 June 2014
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	161,394	232,404
Trade and other receivables	189,621	251,224
Plant and equipment	-	69,285
Oil and gas properties	-	167,728,769
Other assets	-	1,126,584
TOTAL CURRENT ASSETS	351,015	169,408,266
TOTAL ASSETS	351,015	169,408,266
CURRENT LIABILITIES		
Trade and other payables	1,481,830	20,231,144
Borrowings	1,642,399	34,978,172
Short term provisions	-	662,933
TOTAL CURRENT LIABILITIES	3,124,229	55,872,249
TOTAL LIABILITIES	3,124,229	55,872,249
NET (LIABILITIES) ASSETS	(2,773,214)	113,536,018
SHAREHOLDERS' (DEFICIT)/ EQUITY		
Issued capital	216,497,117	213,084,239
Reserves	20,287,708	(574,961)
Accumulated losses	(239,558,039)	(98,973,260)
SHAREHOLDERS' (DEFICIT)/ EQUITY	(2,773,214)	113,536,018

The accompanying notes form part of these financial statements.

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED
31 DECEMBER 2014**

	Issued Capital	Capital Profit	Option Premium Reserve	Foreign Currency Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2013	212,645,805	277,610	17,621,295	(15,367,239)	(80,359,608)	134,817,863
Loss for the period	-	-	-	-	(6,213,428)	(6,213,428)
Other comprehensive loss	-	-	-	1,467,063	-	1,467,063
Total comprehensive loss for the period	-	-	-	1,467,063	(6,213,428)	(4,746,365)
Transactions with owners, recognised directly in equity						
Equity issued during the period	-	-	-	-	-	-
Capital raising costs	-	-	-	-	-	-
Balance at 31 December 2013	212,645,805	277,610	17,621,295	(13,900,176)	(86,573,036)	130,071,498
Balance at 1 July 2014	213,084,239	277,610	17,621,295	(18,473,866)	(98,973,260)	113,536,018
Loss for the period	-	-	-	-	(140,584,779)	(140,584,779)
Other comprehensive income	-	-	-	18,473,866	-	18,473,866
Total comprehensive loss for the period	-	-	-	18,473,866	(140,584,779)	(122,110,913)
Transactions with owners, recognised directly in equity						
Equity issued during the period	3,412,878	-	2,388,803	-	-	5,801,681
Balance at 31 December 2014	216,497,117	277,610	20,010,098	-	(239,558,039)	(2,773,214)

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Note	31 December 2014 \$	31 December 2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	26,165
Payments to suppliers and employees		(545,094)	(3,100,429)
Expenditure on gas projects		-	(1,222,612)
Interest received		370	4,551
Net cash used in operating activities		<u>(544,724)</u>	<u>(4,292,325)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditure on plant and equipment		-	(58,062)
Net cash used in investing activities		<u>-</u>	<u>(58,062)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		1,422,896	255,390
Repayment of borrowings		(949,182)	(4,646)
Net cash from financing activities		<u>473,714</u>	<u>250,744</u>
Net decrease in cash and cash equivalents		(71,010)	(4,099,643)
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	72,385
Cash and cash equivalents at beginning of period		<u>232,404</u>	<u>8,603,372</u>
Cash and cash equivalents at 31 December		<u>161,394</u>	<u>4,576,114</u>

The accompanying notes form part of these financial statements

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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

These consolidated financial statements for the half year ended 31 December 2014 cover Marion Energy Limited ("the Company") and its controlled entities as a consolidated entity (also referred to as "the Group"). Marion Energy Limited is a company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity.

The interim financial report was issued by the board of directors on 7 December 2015 by the directors of the Company.

This half-year report does not include the full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that this half-year financial report is read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by Marion Energy Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

The half-year financial report is a general purpose condensed financial report prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting' where possible (refer to Note 1(b)).

The financial statements have been prepared on an accruals basis and is based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The Accounting policies adopted in the preparation of this half-year financial report are consistent with those followed in preparation of the Group's annual consolidated financial statements for the year ended 30 June 2014, except for the adoption of new standards and interpretations effective as of 1 January 2014 detailed below:

- AASB 119 (Revised 2011) Employee Benefits
- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of interests in Other Entities
- AASB 13 Fair Value Measurement

The nature and impact of each new standard or amendment is described below:

AASB 119 (Revised 2011) Employee Benefits

The revised standard changes the definition of short term employee benefit. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.

The change in distinction between short-term and other long-term employee benefits did not have a significant impact on the Group.

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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance (Continued)

AASB 10 Consolidated Financial Statements

AASB 10 establishes a single control model that applies to all entities including special purpose entities. AASB 10 replaces parts of previously existing AASB 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. AASB 10 changes the definition of control such that an investor controls the investee when it is exposed, or has rights, to variable returns from its involvements with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in AASB 10, all three criteria must be met, including:

- a) An investor has power over an investee;
- b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and
- c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

AASB 10 had no impact on the consolidation of investments held by the Group.

AASB 11 Joint Arrangements

AASB 11 replaces AASB 13 Interests in Joint Venture and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. AASB 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead JCEs that meet the definition of a joint venture under AASB 11 must be accounted for using the equity method.

AASB 11 had no impact on the Group as the Group has no joint operations.

AASB 12 Disclosure of Interests in Other Entities

AASB 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for the half-year financial report.

AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance under AASB for all fair value measurements. AASB 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under AASB when fair value is required or permitted. AASB 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, included AASB 7 Financial Instruments: Disclosures.

AASB 13 did not have a significant impact as the Group does not have significant assets or liabilities carried at fair value.

b) Incomplete records

On 2 February 2015, the Board resolved to place the Company into voluntary administration and appointed Mr James Downey of JP Downey & Co as voluntary administrator of the Company.

Following appointment of the administrators, the powers of the Company's officers (including Directors) were suspended and the administrators assumed control of the Company's business, property and affairs.

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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

b) Incomplete records (Continued)

The financial report for the half-year ended 31 December 2014 has been prepared by Directors who were not in office for the periods presented in this report, nor were they parties involved with the Company and did not have oversight or control over the group's financial reporting systems including but not limited to being able to obtain access to complete accounting records of the Company. In addition, Directors have not been able to source books and records of the company's subsidiaries. Accordingly, the financial information of the group's subsidiaries has been deconsolidated effective 1 July 2014 (refer to note 7). The Directors who prepared this financial report were appointed on or after the 28 October 2015. Every reasonable effort has been made by the Directors to ascertain the true position of the Company as at 31 December 2014.

To prepare the financial report, the directors have reconstructed the financial records of the Group using data extracted from the Group's accounting system for the half year. However, there may be information that the current Directors have not been able to obtain, the impact of which may or may not be material on the accounts.

These financial statements do not contain all the required information or disclosures in relation transactions undertaken by the Company as this information is unascertainable due to the administration process and/or the change in directorships and key management personnel.

Consequently, although the Directors have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001, nor is it possible to state this financial report gives a true and fair view of the Group's financial position as at 31 December 2014 and for the half-year then ended.

c) Going concern

The Group incurred a loss of \$140,584,779 for the half year ended 31 December 2014. In addition, the Group has a net current liability and a shareholders' deficit of \$2,773,214 as at 31 December 2014.

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors believe it is appropriate to prepare these accounts on a going concern basis because under the DOCA effectuated on 28 October 2015. The Company has extinguished all liabilities associated with the previous administration of the Company and is in the process of undertaking the following transactions:

- Completion of a capital raising to raise a minimum of \$3,600,000; and
- Acquisition of Global Agenda Technologies Pty Ltd ("Agenda"), a software and technology development company. In consideration for the acquisition, Marion Energy Limited will issue to Agenda shareholders
 - 2,500,000 fully paid ordinary shares in MAE at a deemed issue price of \$0.02 each (Initial Consideration Shares). All consideration shares will be subject to ASX escrow provisions;
 - 25,000,000 deferred consideration shares (Deferred Consideration Shares) (at a deemed issue price of \$0.02 per MAE share) upon Agenda achieving 500,000 active registered users on the Agenda Platform within 24 months of listing on the ASX (milestone)

The cash flow forecast indicates that based on the completion of the capital raising as described above, the consolidated entity will have sufficient cash flows to meet all commitments and working capital requirements for a period of at least 12 months from the signing of this financial report. The Directors are also confident that all the necessary regulatory approvals and requirements will be met to enable the Company to be re-instated on the ASX and for the transaction with Agenda to proceed. Accordingly, the Directors are satisfied that the going concern basis of the preparation is appropriate.

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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

d) Going concern

Should the Group not achieve the matters set out above, there is significant uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

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NOTE 2: ISSUED CAPITAL

		31 December 2014	30 June 2014
(a) Share Capital			
192,505,402 (30 June 2014: 126,753,630) fully paid ordinary shares		216,497,117	213,084,239
Transaction costs relating to share issues for year		-	-
		<u>216,497,117</u>	<u>213,084,239</u>
(b) Movements in fully paid Ordinary Capital			
	Date	Number	\$
Balance at beginning of the reporting period	1 July 2013	1,194,464,080	212,645,805
Share issue	18 March 2014	73,072,217	438,434
10:1 Share consolidation	30 June 2014	(1,140,782,667)	-
Balance at end of the reporting period	30 June 2014	126,753,630	213,084,239
Balance at beginning of the reporting period	1 July 2014	126,753,630	213,084,239
Share issue in lieu of payment entitlements	18 July 2014	27,000,000	1,620,000
Share issue conversion of convertible note	5 August 2014	20,540,831	1,232,450
Share issue to employees and contractors	19 September 2014	470,000	28,200
Share issue conversion of outstanding loans	28 October 2014	17,740,941	532,227
Balance at end of the reporting period	31 December 2014	192,505,402	216,497,117

Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands or by poll. Shares have no par value.

NOTE 3: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments were previously identified by management based on the nature of the activities and the country of origin. Since the Company has been suspended from trading and ultimately in administration, operations have ceased. In addition, as detailed in Note 1(b), the financial information of the group's subsidiaries has been deconsolidated effective 1 July 2014 and accordingly, the financial information presented to the chief operating decision maker is consistent with that presented in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows.

NOTE 4: CONTINGENT LIABILITIES

There have been no changes in contingent liabilities since 30 June 2014.

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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

On 2 February 2015, the Company announced that the Board resolved to appoint Mr James Downey of JP Downey & Co as voluntary administrator of the Company.

On 19 March 2015, the Company announced that at a meeting of creditors of the Company, the creditors resolved that the Company execute a deed of company arrangement ("Original DOCA") and that Mr James Downey be appointed as administrator of the deed of company arrangement (Deed Administrator). The purpose of the Original DOCA was to put in place a moratorium on all unsecured debts until the end of a further creditors' meeting which was required to be called after conclusion of the US bankruptcy process or by 19 March 2016 (whichever was the later). Post the creditors meeting, it was announced on the 28 May 2015 pursuant to orders made by the US Federal Bankruptcy Court, Castlake LP proceeded to purchase all of the subsidiary Marion Energy Inc's (MEI) assets by way of a credit bid. This left the parent Marion Energy Limited without substantial assets.

On 6 August 2015, the creditors of the Company resolved that the Company vary the Original DOCA. The following day the Company, the Deed Administrator, KM Custodians (the Company's secured creditor) and Otsana Capital (Otsana) executed a varied deed of company arrangement (DOCA), which embodied a proposal by Otsana for the recapitalisation of the Company (Recapitalisation Proposal).

A recapitalisation proposal typically involves an injection of new cash into a company that is either in financial distress or has been placed into voluntary administration. In the ordinary course, the entity will retain some or all of its assets and seek reinstatement to trading following completion of the recapitalisation.

A summary of the material terms of the Recapitalisation Proposal is set out below. Further information appears in sections 3.1 and 3.2 of the Company's notice of meeting lodged with ASX on 28 August 2015:

- a) the Company and the Deed Administrator will establish the Creditors' Trust, with the Deed Administrator acting as trustee;
- b) the assets of the Company will be transferred to the Creditors' Trust, including an amount of \$150,000 to be comprised of:
 - i. \$10,000 (Deposit), paid by Otsana upon execution of the DOCA and receipt of the Deed Administrator of an irrevocable undertaking from KM Custodians for the release and discharge of its security and to vote in favour of the Recapitalisation Resolutions, this payment was made on the 10 August 2015; and
 - ii. \$140,000 (Recapitalisation Payment), to be paid by the Company upon Shareholder approval of the Recapitalisation Resolutions. If the Company lacks sufficient funds to make the Recapitalisation Payment, Otsana will loan the Company necessary funds, with such funds to be repaid to Otsana upon reinstatement of the Company's securities to the Official List;
- c) the Company will issue 10,000,000 Creditor Shares to the Creditors Trust (to be distributed to the admitted creditors pro rata), shareholder approval was obtained on 30 September 2015 and shares were issued on 28 October 2015;
- d) all creditors will be required to prove debts against the Trustee of the Creditors' Trust and payment will be made in accordance with the DOCA and the Creditors' Trust Deed;
- e) upon completion of the DOCA, the funds in the Creditors' Trust will be distributed as follows:
 - i. first, to the Deed Administrator and Trustee for administering the DOCA and the Creditors' Trust (including fees and disbursements);
 - ii. second, to any priority Creditors pro rata according to the amount for which each creditor shall be admitted to proof pursuant to the Creditors' Trust Deed;
 - iii. third, to KM Custodians as secured Creditor, up to \$2,674,000; and
 - iv. fourth, the remainder (if any) to be returned to the Company for distribution to unsecured Creditors;

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NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

- f) the Deed Administrator will cause the current Directors of the Company to be removed and appoint nominees of Otsana Capital as Directors of the Company, the nominee directors were appointed on 28 October 2015;
- g) all security over the Company's assets will be discharged and released;
- h) the Company will undertake the Consolidation, the capital consolidation was approved by shareholders on 30 September 2015;
 - Consolidation of existing fully paid shares (Shares) on a one (1) for one hundred (100) basis together with the consolidation of its existing options in the same ratio as existing shares;
- i) the Company will raise up to \$750 (before costs) via the following capital raisings, the capital raising was approved by shareholders on 30 September 2015:
 - \$500 from the issue of 50,000,000 Placement Shares to clients of Otsana, (40,000,000 of which were issued on 28 October 2015); and
 - \$250 from the issue of 25,000,000 Placement Options to clients of Otsana, issued on 4 November 2015; and
- j) the Company will issue such other securities as are required by Otsana (of which there were none).

Key conditions precedent for completion of the DOCA include:

- payment of the Deposit and Recapitalisation Payment, on 10 August 2015, the deposit of \$10,000 was paid to the Deed Administrators. This amount was paid by Otsana Capital on behalf of the company in accordance with DOCA,;
- discharge and release of all security over the Company's assets;
- all subsidiaries (other than those advised by Otsana) being removed from the Company;
- termination or repudiation of existing employment and service contracts; and
- Shareholder approval being obtained to give effect to the Recapitalisation Proposal.

The conditions precedent were satisfied on 28 October 2015 and the DOCA was effectuated. On termination of the DOCA, control of the Company reverted to the officers of the Company.

On 28 October 2015, Mr Nicholas Young was appointed as Company Secretary. Mr Young resigned on 5 November 2015 and was replaced by Mr Dave Filov.

On 5 November 2015 the Company announced the intention to acquire 100% of Global Agenda Technologies Pty Ltd ('Agenda'), an entity developing a software as a service ('SaaS'), sales conversion and social networking technology platform. The Company will seek to re-comply as a technology company on the ASX and be renamed Cre8tek Limited.

As consideration for 100% of the issued capital of Agenda, the Company has agreed to issue:

- 2,500,000 fully paid ordinary shares in MAE at a deemed issue price of \$0.02 each (Initial Consideration Shares). All consideration shares will be subject to ASX escrow provisions;
- 25,000,000 deferred consideration shares (Deferred Consideration Shares) (at a deemed issue price of \$0.02 per MAE share) upon Agenda achieving 500,000 active registered users on the Agenda Platform within 24 months of listing on the ASX (Milestone)

Settlement of the Acquisition is conditional upon the satisfaction (or waiver) of the following conditions precedent:

- Shareholder approval for the change of its business from an oil and gas company to a software and technology company;
- Shareholder approval to change the name of Marion Energy Limited to Cre8tek Limited;
- Completion of due diligence by MAE on Agenda's business and operations, to the sole satisfaction of MAE within 14 days of the HOA being executed;
- MAE obtaining all necessary regulatory approvals or waivers pursuant to the ASX Listing Rules, Corporations Act or any other law to allow MAE to lawfully complete the matters set out in the HOA

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NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

- Execution by the Agenda shareholders of ASX restriction agreements to the Initial Consideration Shares and provision of undertakings for the escrow of any Deferred Consideration Shares
- Establishment of a performance rights plan, the terms of which are to be agreed between MAE and Agenda, and obtaining shareholder approval to issue 10 million performance rights to each of Faldi Ismail, Bryn Hardcastle and Tom Bahen, in tranches of 3,333,333 million performance rights each, with Share price vesting hurdles of 3 cents, 4 cents and 5 cents respectively for each tranche (based on 10 day Share VWAP), expiring 3 years after grant and otherwise on terms to be agreed.
- MAE undertaking a capital raising of not less than \$3,600,000 through the offer of MAE Shares at a price of not less than \$0.02 per MAE Share (**Capital Raising**).

As outlined above the Directors are currently working towards the restructure and recapitalisation of the Company and liaising with the ASX in relation to the reinstatement of Marion Energy Limited's securities for trading on the ASX. On 24 November 2015 the Company despatched a notice of general meeting for a meeting to be held on 23 December 2015 seeking approval for the Agenda acquisition and re-compliance with Chapters 1 and 2 of the Listing Rules.

The Company (as borrower) has entered into a loan agreement with the following three lenders:

- (a) DXB Holdings Pty Ltd, an entity associated with Mr Bryn Hardcastle;
- (b) Romfal Sifat Pty Ltd, an entity associated with Mr Faldi Ismail; and
- (c) Seamist Enterprises Pty Ltd (an unrelated entity).

Pursuant to the terms of the loan agreement the lenders have agreed (each in equal portions) to make available a loan facility of up to \$200,000, with funds drawn down to be used towards the necessary costs of the Company's re-compliance with Chapters 1 and 2 of the Listing Rules.

As at the date of this half year financial statements, the Company has drawn down \$150,000.

The loan is interest free and must be repaid within two weeks of the Company's securities being reinstated to trading following completion of the Acquisition.

Upon the occurrence of an event of default, the lenders may, for so long as the event of default is continuing, declare outstanding monies to be immediately due and payable to the lenders without the need for any further demand or notice to be given. Events of default include the Company failing to repay an amount by the due date (unremedied within 14 days), the Company failing to obtain any relevant authorisations, any warranty provided by the Company becomes false or misleading, or any part of the agreement becomes void or unenforceable.

NOTE 6: FAIR VALUES

The fair value of financial assets and financial liabilities of the Group approximated their carrying amount.

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Note	31 December 2014	31 December 2013
	\$	\$
NOTE 7: LOSS FOR THE PERIOD		
Loss on deconsolidation of subsidiaries:*		
- Loss on deconsolidation of shares in Marion Energy Inc ⁽¹⁾	3,771,225	-
- Loss on deconsolidation of loan to Marion Energy Inc ⁽¹⁾	112,416,125	-
- Loss on deconsolidation of OEL Operating (USA) Inc ⁽²⁾	22,000,000	-
- Other loss on deconsolidation ⁽²⁾	3,535	-
	138,190,885	-

⁽¹⁾ Marion Energy Inc. filed for bankruptcy protection on 31 October 2014 at which point Marion Energy Limited lost control of Marion Energy Inc. As detailed in Note 1 (b), the directors have not been able to source books and records of the company subsidiaries (including Marion Energy Inc.). Accordingly, the directors have deconsolidated the financial information of Marion Energy Inc. from 1 July 2014 (rather than 31 October 2014, the date when control of Marion Energy Inc. was lost).

The current Board of Marion Energy Limited has not been able to source books and records of the company's other subsidiaries. Accordingly, as detailed in Note 1(b), the financial information of the company's other subsidiaries has also been deconsolidated from 1 July 2014.

NOTE 8: SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 31 December 2014:

- i. On 18 July 2014, 22,105,541 options were granted to KM Custodians as an incentive fee for finance provided. The issue was approved by shareholders at an Extraordinary General Meeting ("EGM") held on the 19 June 2014. The services provided had a value of \$1,326,331 and was recognised as a share based payment in the profit and loss.
- ii. On 18 July 2014, 5,073,482 options were granted to NSL as an incentive fee for finance provided. The issue was approved by shareholders at an Extraordinary General Meeting ("EGM") held on the 19 June 2014. The services provided had a value of \$304,409 and was recognised as a share based payment in the profit and loss.
- iii. On 19 September 2014, 470,000 shares were granted to Contractors for services provided. The issue was approved by shareholders at an Extraordinary General Meeting ("EGM") held on the 19 June 2014. The services provided had a value of \$28,200 and was recognised as a share based payment in the profit and loss.
- iv. Options granted to Key Management Personnel are as follow:

Grant Date	Number
18 July 2014	12,634,361

These options vest immediately. The options hold no voting or dividend rights and are unlisted.

In addition to the above, 27,840,508 options were granted to service providers, employees and contractors but have not been fair valued as the directors do not have sufficient information to value these.

The directors resolved on 2 February 2015 that the Group should be placed into voluntary administration and the Groups operations were suspended under the Administrators. A Deed of Company Arrangement was wholly effectuated on the 28 October 2015 and the control of the Company was handed back to the newly appointed directors. As detailed in Note 1 (b), the current directors do not have access to sufficient information to enable further level of disclosure to be made.

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DIRECTORS' DECLARATION

1. In the opinion of the Directors of Marion Energy Limited and its controlled entities ('the Group')
 - (a) As set out in Note 1(b), although the Directors have prepared the financial statements, notes thereto, to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that the financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2014 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting*.
2. Subject to the matters highlighted in Note 1 (c), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Faldi Ismail
Non-Executive Director

Dated 7 December 2015

To the members of Marion Energy Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Marion Energy Limited and its controlled entities ('the consolidated entity'), which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Marion Energy Limited ("the company") are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review conducted in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Because of the matters described in the Basis for Disclaimer of Review Conclusion paragraphs, we were not able to obtain sufficient appropriate review evidence to provide a basis for a review conclusion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Basis for disclaimer of review conclusion

1. As disclosed in Note 1(b) to the half-year financial report, the half-year financial report has been prepared by the current Directors who were not in office for period presented in the 31 December 2014 half-year financial report and accordingly, did not have oversight or control over the consolidated entity's financial reporting systems, risk management systems, or internal control systems for the period presented.

Due to the above, the current Board of Marion Energy Limited has been unable to conclude without qualification, within its directors' declaration, that the half-year financial report of the consolidated entity for the half-year ended 31 December 2014 have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards, to give a true and fair view of the financial position of the consolidated entity as at 31 December 2014 and of its performance for the half-year ended on that date.

The representation letter provided to the auditors by the current Directors of the company has also been qualified on the basis that they did not have oversight or control over the consolidated entity's financial reporting systems, risk management systems, or internal control systems for the period presented.

As a result of the above matters, we were unable to obtain sufficient appropriate review evidence for the existence, measurement, valuation, rights and obligations, completeness and disclosures relating to the assets, liabilities, equity, revenues, expenses and cash flows of consolidated entity as at 31 December 2014 and for the half-year then ended.

2. The financial statements of the consolidated entity for the financial year ended 30 June 2014 was audited by another auditor who in their audit report dated 19 November 2014 expressed a disclaimer of opinion on that financial report as follows:

The company's wholly owned subsidiary, Marion Energy, Inc. ("MEI") filed a voluntary petition seeking to reorganise under chapter 11 of the US federal bankruptcy laws on 31 October 2014. That filing is currently the subject of a challenge by MEI's major financier, TCS Funding Solutions LLC, with court hearing scheduled for early December 2014.

Although MEI is currently operating as debtor-in-possession under the jurisdiction of the Bankruptcy Court in the US, this event and circumstances relating to this event, including expiry of forbearance by its major financier on 31 October 2014, the company's significant losses and accumulated deficit indicate that the most likely outcome for the company are:

- (i) *sale of the MEI's major oil & gas property assets under a plan approved by the court whilst under chapter 11; or*
- (ii) *the secured financier invoking its security over the assets of MEI should the current court challenge be successful or a plan not be approved under chapter 11.*

We have not been able to obtain sufficient, appropriate audit evidence supporting the realisation value of the oil and gas properties which will be achieved under either an organised sale under an approved plan whilst MEI is subject to chapter 11 or through the creditor enforcing their security over the assets. As the oil & gas properties are pervasive, we are unable to obtain all the information and explanations we require in order to form an opinion on the financial report.

Since opening balances of assets and liabilities affect the determination of the consolidated entity's financial performance for the half-year ended 31 December 2014, we were unable to determine whether adjustments to the results of operations for the half-year ended 31 December 2014 were necessary. Further, the financial position of the consolidated entity at 30 June 2014 is shown as comparatives in the 31 December 2014 half-year financial report.

3. As detailed in Note 7, the company's subsidiary, MEI filed for bankruptcy protection on 31 October 2014 at which point the company lost control of MEI. The directors have not been able to source books and records of MEI and have determined to deconsolidate the financial information of MEI from 1 July 2014 (rather than 31 October 2014, the date when control of MEI was lost). We are unable to obtain sufficient appropriate review evidence for the measurement and disclosures relating to the deconsolidation of MEI for the half-year ended 31 December 2014.
4. The current Board of Marion Energy Limited has not been able to source and provide to ourselves books and records of the company's other subsidiaries. As detailed in Note 1(b) to the half-year financial report, the financial information of the company's other subsidiaries has been deconsolidated from 1 July 2014. Under Australian Accounting Standards, the financial information of subsidiaries is required to be consolidated. Had the financial information of the company's other subsidiaries been consolidated, many elements in the accompanying financial report may have been materially affected. The effects on the financial report of the failure to consolidate the company's other subsidiaries financial position as at 31 December 2014 and its performance for the half-year then ended have not been able to be determined.

5. The current Board of Marion Energy Limited has not been able to source and provide to ourselves certain books and records of the company. Without access to this documentation, we are unable to obtain sufficient appropriate review evidence for the existence, measurement, valuation, rights and obligations, completeness and disclosures relating to the assets, liabilities, equity, revenues, expenses and cash flows of Marion Energy Limited as reflected in the financial statements as at 31 December 2014 and for the half-year then ended.
6. As detailed in Note 1(b), the directors have reconstructed the financial records of the consolidated entity using data extracted from the consolidated entity's accounting system and the financial statements do not contain all required information or disclosures in relation to transactions undertaken by the consolidated entity. In particular, the disclosures in the financial statement for the deconsolidation of MEI, impairment of assets and share based payments do not meet the requirements of Australian Accounting Standards.

Disclaimer of review conclusion

Because of the significance of the matters described in the basis for disclaimer of review conclusion paragraphs, we have not been able to obtain sufficient appropriate review evidence to provide a basis for a review conclusion. Accordingly we do not express a review conclusion on the financial report for the half-year ended 31 December 2014.

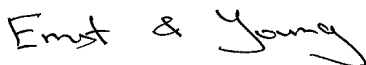
Emphasis of matter

Without amendment to our disclaimer of review conclusion, we draw attention to Note 1(c) in the financial report. The conditions as set forth in Note 1(c) indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on other legal and regulatory requirements

Due to the matters described in the basis for disclaimer of review conclusion paragraphs, we have not been given all information, explanation and assistance necessary for the conduct of the review; and we are unable to determine whether the company has kept:

- a) financial records sufficient to enable the financial report to be prepared and reviewed; and
- b) other records and registers as required by the *Corporations Act 2001*.



Ernst & Young



T G Dachs
Partner
Perth
7 December 2015