

ASX RELEASE

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MARION TO UNDERTAKE MAJOR CORPORATE RESTRUCTURING TO BETTER REALISE THE INTRINSIC VALUE OF ITS ASSET PORTFOLIO

Following a major review of Marion Energy Limited's (ASX: MAE) activities undertaken by the management team and led by CEO, Mr Peter Collery, the Board announces a broad Company restructure. The changes are intended to refocus the Company's operations and assets and inject a new momentum into its operational activities. This restructuring has begun through the following initial steps:

- Major Board renewal process, with the start of the search for the appointment of new, Independent, Non Executive Directors. Current Director, Mr Jeff Clarke, to retire from the Board in the near future
- Seeking a partner or partners to enter into a joint venture at the 100% owned Clear Creek, Utah gas project to accelerate the development of this project
- Major Shale Gas Project at Helper, Utah: Evaluating the possibility of a restructure of this 100% owned project to enhance future development, either through putting the asset into a new listed vehicle and/or the introduction of a joint venture partner

Details:

1. Board Renewal

A process has been initiated to appoint at least two new additional Independent, Non Executive Board members to the Board. This reflects an increased focus by the Company on corporate governance and the importance of independent Board representation. This coincides with Mr Jeff Clarke's anticipated retirement from the Board in the near future.

2. Re-evaluation of Clear Creek, Utah Gas project

The Directors intend to seek one or more partners to form a joint venture to accelerate the development of the Clear Creek gas project. This is a large project with independently certified 3P reserves of 210 billion cubic feet ("Bcf") of gas. The project currently has 16 gas wells which are undergoing a major well workover program which is progressing well. The Company may also seek to rearrange operatorship of this project with a partner assuming operatorship.

3. Large Shale Gas Asset located at Helper, Utah

The Directors are of the opinion that there is currently little recognition in Marion's sharemarket valuation of the potential of the Helper, Utah Project. This large shale gas asset is 100% owned by Marion and has been independently estimated to have a potential resource that depending on various factors, including gas price economics, could contain in excess of 2 trillion cubic feet ("Tcf") of recoverable shale gas.

This asset is very different in nature to the conventional gas asset at Clear Creek as the Helper asset largely comprises shale gas. The Directors recognise that the skills required to exploit shale gas resources are quite different from conventional gas assets.

Accordingly, the Directors are evaluating the alternatives for the potential transfer of the Helper assets to a separate, listed company, with a specialist management team and Board, separate to that of Marion. The Directors may also seek to secure the formation of a joint venture to develop the Helper project through the introduction of a partner to the project. The Directors consider that this more focussed approach to development of this project will provide the opportunity to better realise value for shareholders.

In the event that the Helper assets are transferred to a new company, the Marion shareholders would receive an in-specie distribution of shares in the new listed company.

CEO Peter Collery said: “This announcement reflects strategic action being taken to proactively address key issues facing the Company. We have resolved to renew and enhance our Board, undertaking a rigorous review of our asset portfolio and are now actively considering options for restructuring these assets to better facilitate their faster and more clearly directed development. I’m confident these actions will in time lead to a far stronger and better resourced Company which can fully focus on unlocking the unrealised value in our asset base and creating significant shareholder value in the process.

Our near-term prospects also remain upbeat in respect of the Clear Creek well workover program at which significant operational progress is being achieved. This program remains on track to deliver strong, sustainable production from the sixteen well workover program currently in progress.

We will provide updates on all of the above as they progress.”

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