



**ICON ENERGY LIMITED**

ABN 61 058 454 569

*energy for the future - the future of energy*



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31 January 2014

Company Announcements Office  
Australian Securities Exchange Limited  
20 Bridge Street  
Sydney NSW 2000

### **Lodgement of Quarterly Report**

Please find attached copy of Icon Energy Limited's Quarterly Report and Appendix 5B for the quarter ended 31 December 2013.

Ross Mallett  
Company Secretary

Icon Energy Limited

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# QUARTERLY REPORT

Icon Energy Limited

Period Ending 31 December 2013



ATP 855 Ensign 965 Rig completed the drilling of Redland-1 and will next drill ETTY-1

## ICON ENERGY LIMITED

ABN 61 058 454 569

### DIRECTORS

Stephen Barry (Chairman)  
Raymond James (Managing Director)  
Dr Kevin Jih (Executive Director and CFO)  
Derek Murphy (Non-Executive Director)  
Dr Keith Hilless AM (Non-Executive Director)  
Howard Lu (Non-Executive Director)

## REGISTERED OFFICE

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## Corporate

- On 2 December 2013, Icon Energy successfully raised \$18.8 million through a share placement to Hong Kong-based Company, HK Prosperous Technology Limited (**HK Prosperous**), which is focused on the emerging energy demands in China over the coming decades.
- The placement price of 23.5 cent represented a premium of 62% to the Company's last closing price of 14.5 cents a share. Proceeds from the placement will primarily be used to conduct the 2014 – 2015 drilling program at ATP 855 in the Cooper Basin in Queensland.
- The Company held the 2013 Annual General Meeting (**AGM**) on 25 November, with most resolutions carried unanimously and the balance by a significant majority on a show of hands.

## Operations

### ATP 855

(Beach 46.9% and operator, Chevron 18%, Icon Energy Ltd (Icon Energy) 35.1%)

- On 9 December 2013 the Geoffrey-1 well reached a total depth of 4,125 metres in the Patchawarra formation. Geoffrey was spudded on 14 October 2013 and the results of Geoffrey-1 have been very encouraging with good gas shows throughout the Permian section.
- On 23 January 2014 Redland-1 reached its target depth of 3,804 metres. Redland-1 spudded on 15 December 2013. The Redland-1 vertical well is located 22 kilometres north-west of Geoffrey-1.
- The stimulation program will target specific horizons, where appropriate, to build knowledge of the individual formations. This program will include hydraulic stimulation and extended well testing for Hervey-1, Geoffrey-1, Redland-1 and a sixth well ETTY-1, which will be drilled by Q2 2014 and then stimulated.

## Financial Position

The total cash balance at the end of December 2013 quarter was \$35.62 million.

At 31 December 2013 Icon Energy had 7,486 shareholders. The \$18.8 million capital raising comprising the issue of 80.3 million new ordinary shares to HK Prosperous brought the total number of Icon Energy shares on issue to 615,774,352. HK Prosperous is now the largest shareholder of Icon Energy with 13.04% of the Company's shares on issue.



## Queensland – Petroleum Exploration – Cooper Basin – ATP 855

On 26 August 2013 Icon announced that Beach Energy, the ATP855 joint venture Operator had engaged a petroleum resource evaluation consultant to undertake a report on contingent resources in the area around the Halifax-1 well. The assessment reported 318 Bcf of 1C, 629 Bcf of 2C and 1,115 Bcf of 3C gross contingent resource. The results from the Halifax-1 well encouraged the joint venture to continue the exploration program and the Company announced that five additional wells would be drilled in ATP 855 prior to October 2014 to meet exploration permit obligations.

The first of the additional wells, Hervey-1, which is located 30km east of Halifax-1 was spudded in May 2013, encountered gas shows and is expected to be hydraulically stimulated in Q2 2014.

The second vertical well, Keppel-1, located 25 km north east of Halifax-1, was spudded in June 2013 and experienced significant gas influx from the over-pressured Epsilon Formation at a depth of 3,898 metres.

The third well, Geoffrey-1, located 36 kilometres to the north-east of Hervey-1, was spudded on 14 October 2013. The Geoffrey-1 well was drilled to evaluate the shale and basin-centred gas play in the Toolachee, Daralingie, Roseneath, Epsilon, Murteree and Patchawarra Formation intervals in the east of ATP 855.

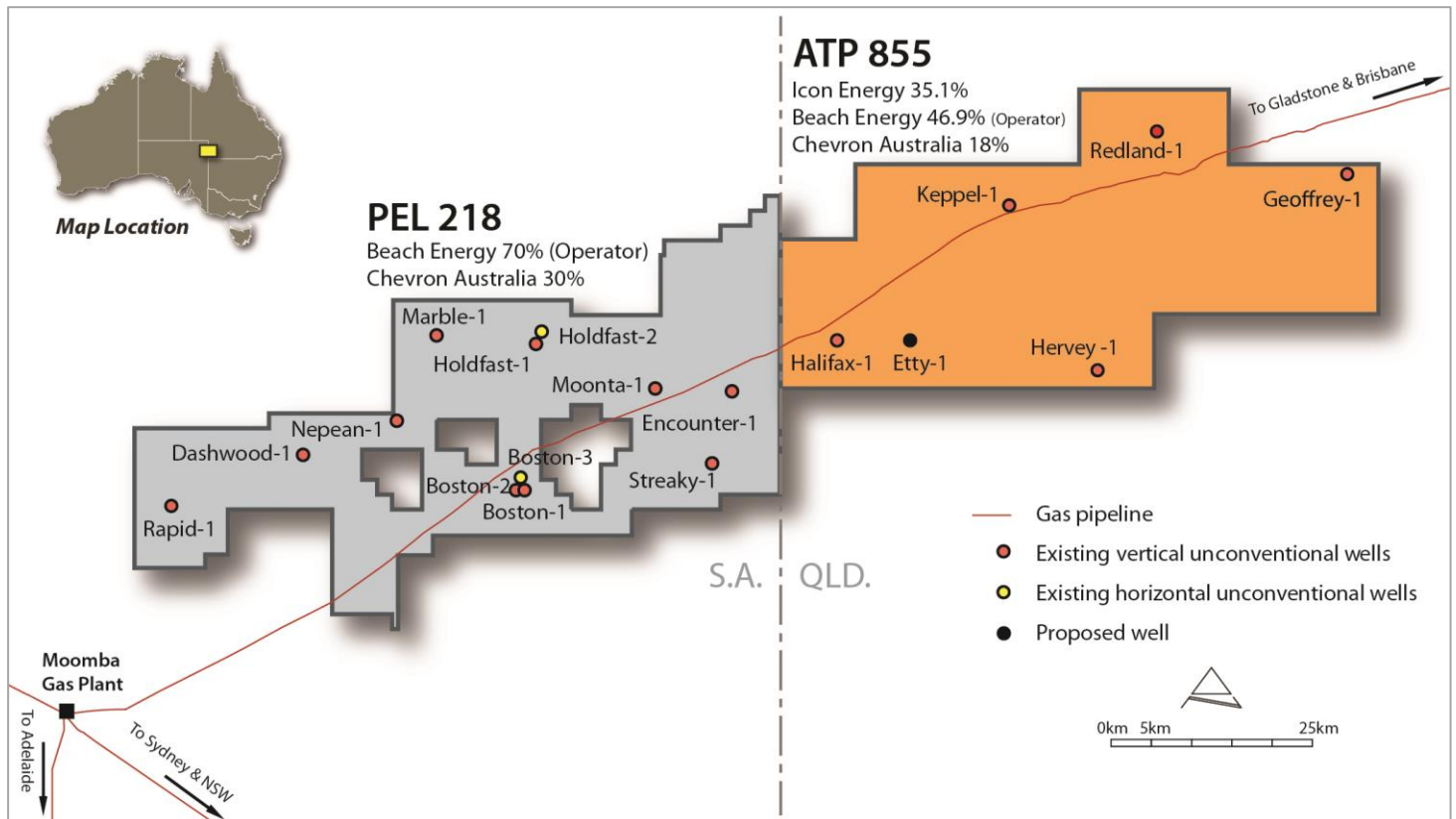
On 9 December 2013 the Geoffrey-1 well reached total depth of 4,125 metres in the Patchawarra Formation. The results of the well have been very encouraging with good gas shows throughout the Permian section. Geoffrey-1 was cased and suspended pending subsequent hydraulic stimulation and flow testing as part of a multi-well stimulation campaign commencing in Q2 of 2014.

The fourth well, Redland-1, is located approximately 18 kilometres north east of Keppel-1 in a structurally deep location in the Nappamerri Trough. Redland-1 was spudded on 15 December 2013 and is designed to specifically address the Toolachee and Daralingie Formations.

Subsequent to the end of the quarter on 23 January 2014, Redland-1 reached total depth of 3,804 metres. The Redland-1 vertical well will be cased and suspended in readiness for the fracture stimulation program in Q3 of 2014.

Following drilling of Redland-1, the Ensign 965 rig will move to the fifth additional well in the drilling campaign, Etty-1. Etty-1 is located approximately nine kilometres east of Halifax-1 and is proposed to be drilled to a total depth of 3800 metres.

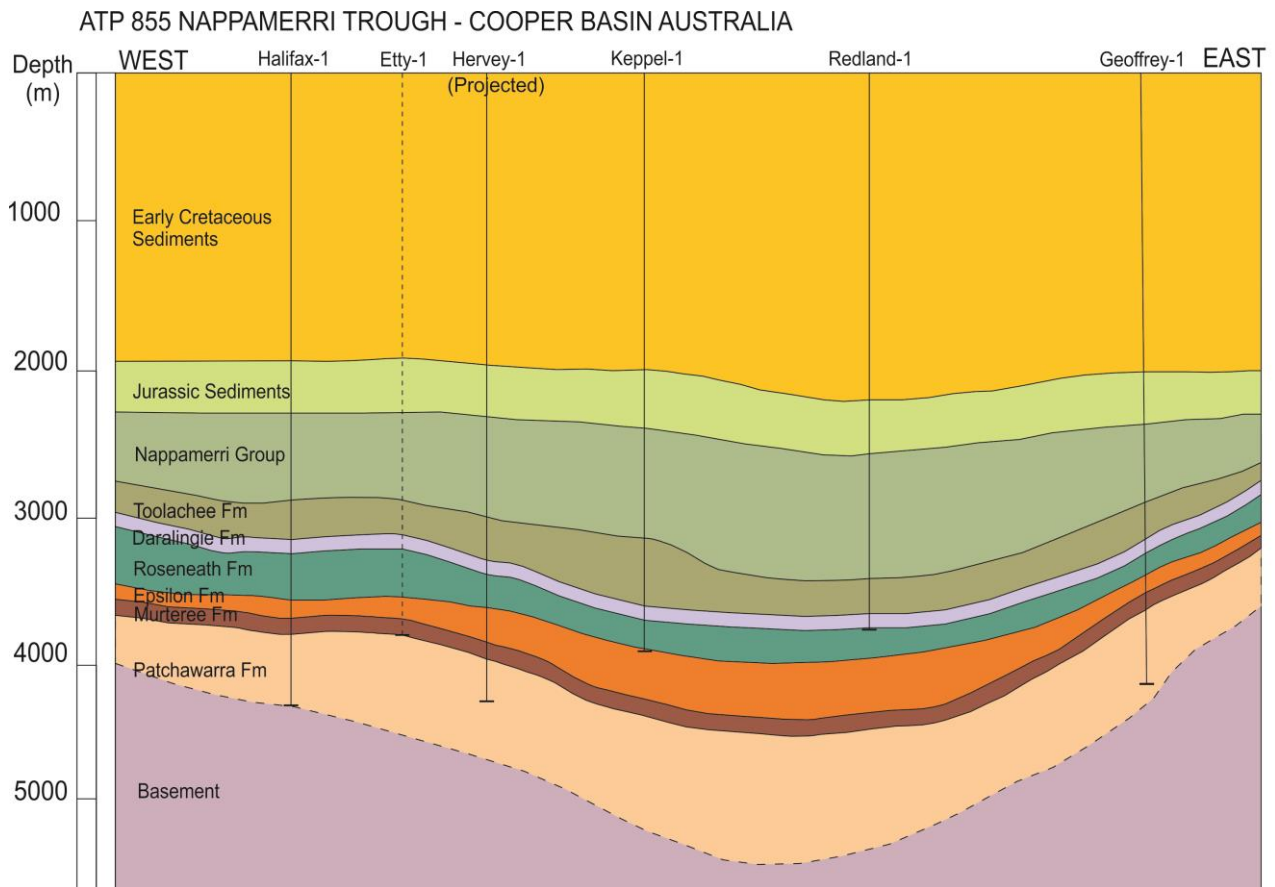
All wells drilled within ATP 855 to date, Halifax-1, Hervey-1, Keppel-1, Geoffrey-1 and Redland-1, have confirmed the continuation of the basin-centred gas play in the Nappamerri Trough, with ATP 855 containing the deepest sections of the Trough. Notices of Petroleum Discovery have already been lodged with the Department of Natural Resources and Mines (**DNRM**) for Halifax-1 and Keppel-1.



**Figure 1:** Map showing the unconventional shale gas wells in PEL 218 and Queensland permit ATP 855

The JV is always looking at utilizing the most effective techniques for the Drilling and Completions of its wells including designs that may utilize techniques currently proven in North America.

The 2014 multi-well stimulation campaign of the wells including Hervey-1, Geoffrey-1, Redland-1, and the next well to be drilled, Etty-1, is expected to commence in Q2 2014. Key target reservoirs have been identified for specific zone fracture stimulation and flow tests. These tests are aimed at gathering information on the contribution from individual target zones, which will be a fraction of each well's capability.



**Figure 2:** Structural cross section through ATP 855 in the Cooper Basin, Queensland. The Etty-1 well, shown as a dashed line, is the next well to be drilled, subject to JV approval. Hervey-1, which is located southeast of this cross section, has been projected onto the cross section to show its relative position.



## Queensland – Petroleum Exploration – Surat Basin – ATP 626

### ATP 626

(Icon Energy 100% and operator)

The Company has initiated a rehabilitation program of old exploration wells that will not be utilized in the future of the permit. The plug, abandonment and rehabilitation of the former ATP 626 Joint Venture wells have now been completed.

The remaining wells in the tenement are Eolus-1, Mindagabie-1 and Stitch-1, which are currently suspended.



**Figure 3:** Photo showing the ATP 626 Rehabilitation Program nearing completion in the Surat Basin, Queensland

## Victoria – Petroleum Exploration - PEP 170, PEP 172 & PEP 173

As at the end of the reporting period the Victorian Government had not lifted the suspension on the use of hydraulic fracturing in coal seam and conventional gas exploration projects in Victoria. Icon has deferred its exploration program in Victoria until the suspension has been lifted.

### PEP 170

(Icon Energy 100% and operator)

On 22 July 2013, Icon Energy wrote to the Department of State Development, Business and Innovation (**DSDBI**), requesting an extension and or suspension of the permit conditions until the National Harmonised Framework for CSG is implemented. This request has been approved on 3 October 2013.

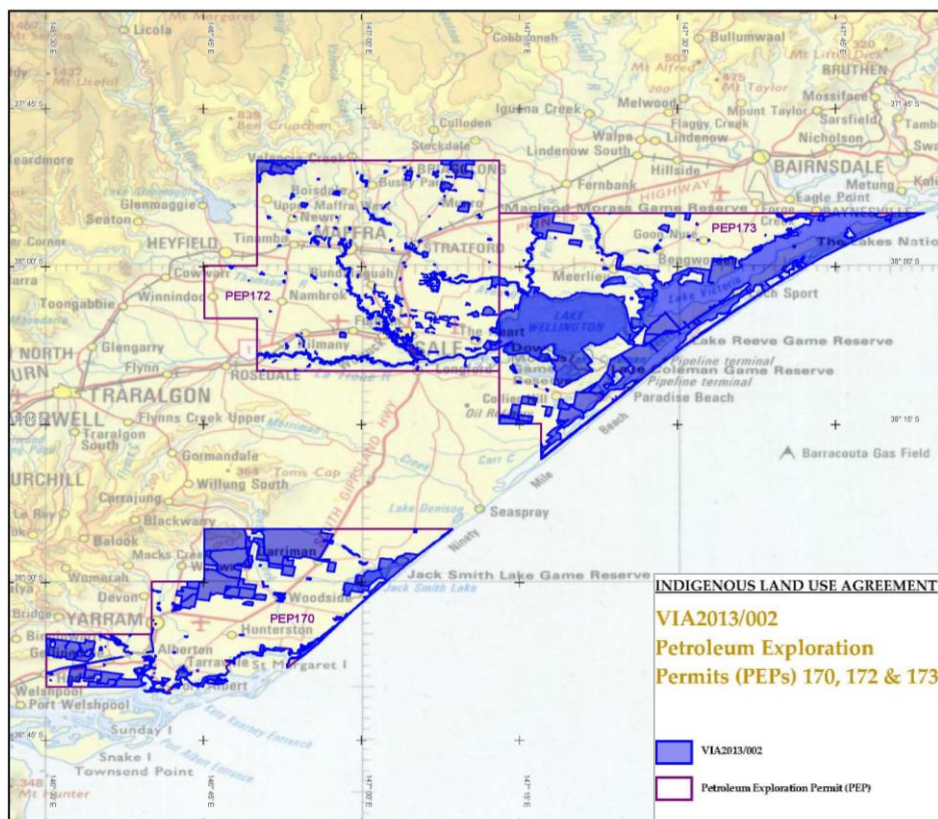
### PEP 172 and PEP 173

(Icon Energy 100% and operator when granted)

In accordance with the conditions of grant for PEPs 172 and 173, Icon Energy was required to complete an Indigenous Land Use Agreement with the Gunaikurnai Land and Waters Aboriginal Corporation Registered Native Title Body Corporate (**ILUA**).

The ILUA which covers PEPs 172, 173 and 170 was successfully concluded in August 2013 and registered on 1 November 2013 by the National Native Title Tribunal. The Company looks forward to working closely with our stakeholders in the future development of these tenements when operations are able to start up again.

In October 2013, the DSDBI approved a request from Icon Energy to defer the granting of PEP 172 and PEP 173 until the Victorian Government has responded to and implemented measures in response to the National Harmonised Framework.







Basin / Area	Permit / Area	Tenement Area (sqkm)	Permit Interest	Operator	Prospect Type
Cooper Eromanga Basin, Nappamerri Trough	PEL 218	1,602	33.33% Post-permian section only	Beach Energy	Conventional Oil and Gas
Eromanga Basin, Nappamerri Trough	EPG 49	200	100%	Icon Energy	Geothermal
Eromanga Basin, Nappamerri Trough	EPG 51	200	100%	Icon Energy	Geothermal
Cooper Basin	ATP 560 UEleven*	307	50.5%	Icon Energy	Oil Gas
Eromanga Basin	ATP 549 West	3,681	33.33%	Drillsearch	Natural Gas Oil
Eromanga Basin	ATP 794 Brightspot Block ** Regleigh Block Springfield Block	5,315	75% 60% 60%	Icon Energy	Coal Seam Gas Shale Gas Oil
Eromanga Basin	ATP 594P	1,538	50%	Icon Energy	Natural Gas Coal Seam Gas Oil
Surat Basin	ATP 849p***	3,854	80%	Icon Energy	Coal Seam Gas

**Figure 5:** Table showing Icon Energy's other tenements with no field operations occurring during the quarter

- \* Relinquished on 31 October 2013, under the relinquishment requirements of the work program.
- \*\* Relinquished on 31 October 2013, under the relinquishment requirements of the work program.
- \*\*\* Voluntarily surrendered to Department Natural Resources and Mines on 31 August 2013 following a geological review of Surat Basin data gathered by Icon Energy from 2008 to 2013.



For further information please contact:

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Commercial Manager

Icon Energy Limited

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**About Icon Energy Limited (ASX:ICN)**, which listed on the ASX in 1993, is a gas and petroleum exploration Company with a portfolio of prime acreage in the Surat, Cooper, Eromanga and Gippsland Basins in Australia.

The Company's exploration strategy focuses on building significant and responsible operations with strategic partners to satisfy energy needs of Australian and overseas based consumers.

**Competent Persons Statement**

This report contains information on Icon's contingent resources that has been compiled by Mr Martin Berry who is a full-time employee of Icon Energy Limited, is qualified in accordance with ASX listing rule 5.11, and has consented to the inclusion of this information in the form and context in which it appears.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Icon Energy Limited

ABN

61 058 454 569

Quarter ended ("current quarter")

31 December 2013

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months ) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(4,044)	(10,775)
	(b) development		
	(c) production		
	(d) administration	(2,045)	(3,108)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	273	418
1.5	Interest and other costs of finance paid	(11)	(26)
1.6	Income taxes paid		
1.7	Other (provide details if material)		
<b>Net Operating Cash Flows</b>		<b>(5,827)</b>	<b>(13,491)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets	42	37
1.9	Proceeds from sale of: (a) prospects	3	427
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
<b>Net investing cash flows</b>		<b>45</b>	<b>464</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(5,782)</b>	<b>(13,027)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(5,782)	(13,027)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	18,875	18,875
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(3,426)	(3,430)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	15,449	15,445
	<b>Net increase (decrease) in cash held</b>	9,667	2,418
1.20	Cash at beginning of quarter/year to date	25,954	33,203
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	35,621	35,621

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	632
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

N/A

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	0	0
3.2 Credit standby arrangements	300	0

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	9,500
4.2 Development	Nil
4.3 Production	Nil
4.4 Administration	1,300
<b>Total</b>	<b>10,800</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	8,621	18,954
5.2 Deposits at call	Nil	Nil
5.3 Bank overdraft	Nil	Nil
5.4 Other – bank term deposits	27,000	7,000
<b>Total: cash at end of quarter</b> (item 1.22)	<b>35,621</b>	<b>25,954</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference + securities</b> (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	615,774,351	615,774,351		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	80,318,393	80,318,393	0.235	0.235
7.5 <b>+Convertible debt securities</b> (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
<b>Unlisted Performance Rights</b> (performance rights issued pursuant to the Long Term Incentive Policy and Employee Performance Rights Plan)	2,705,497	Nil	Nil	30 June 2017

+ See chapter 19 for defined terms.

7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: \_\_\_\_\_

(Executive Director / CFO)

Date: 20 January 2014

Print name: Dr Kevin Jih

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

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+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity quarterly report

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- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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