



Icon Energy Limited

Quarterly Report
Period ending 31 March 2012



ATP 855P: On location Seismic recording trucks (photo Beach Energy)

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THIRD QUARTER ACTIVITIES REPORT

Period ending 31 March 2012



Highlights

Operations

- Icon Energy Limited (**Icon Energy** or **Company**) and Beach Energy Limited (**Beach**) finalised arrangements to conduct the 425 kilometre **Gallus Seismic Survey** within ATP 855P in the Cooper Basin. The Survey was completed in mid-April 2012.
- The Company and Goondi Energy completed all technical, stakeholder and contractor pre drilling activities in time for an early May spud for the next two joint venture wells, Eolus 1 and Windom 1 in ATP 626P.
- Icon Energy, continues to engage with stakeholders and re-submitted the Operations Plan, covering the drilling of two (2) wells, Tiger West 1 and Dragon 1 in PEP 170 in Q3 2012 to the Department of Primary Industries (**DPI**) for final approval.

Technical pre-planning commenced on the Murray Seismic Survey (Murray Survey) in PEP 170. The Murray Survey, comprises 400km of 2D Seismic predominantly on established roads.

Corporate and Commercialisation Projects

Financial

Icon Energy ended the March quarter with a cash balance of \$10,594,000 and 469,301,394 shares on issue.

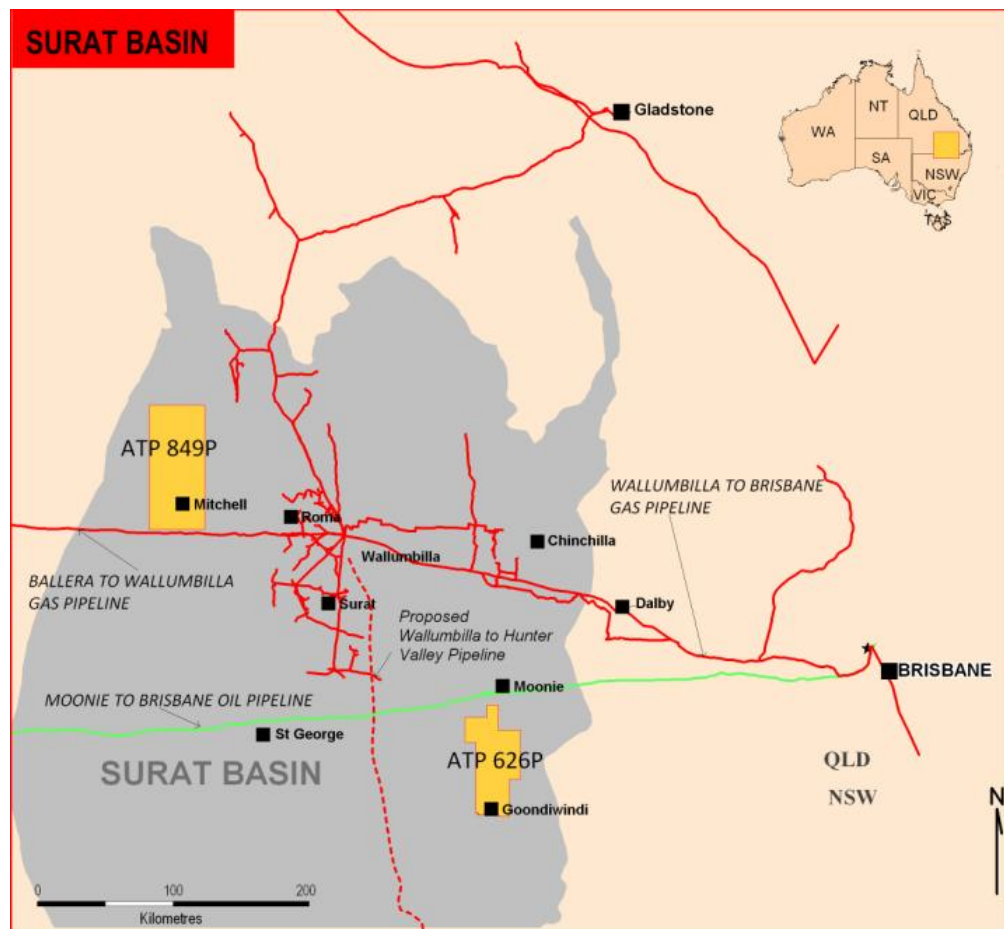
Subsequent Events

- Goondi Energy (**Goondi**) and Icon Energy will spud Eolus 1 and Windom 1 in ATP 626P in the first half of May 2012. These wells are being drilled under the farmout programme funded by Goondi.
- Icon Energy will finalise and submit the Operation Plans in PEP 170 Victoria and Environmental Management Plans for approval of drilling activities and the 400km Murray Seismic Survey to occur in Q3 2012.
- In mid-April 2012 Beach Energy (the Operator of ATP 855P) advised that the Ensign drilling rig

scheduled to drill the first well Halifax No.1 at ATP 855P had been delayed in its arrival to Australia from North America because of weather and strike delays in the USA. Beach reported that the expected spud date for the well will now be in Q3 of 2012.

Operations

Queensland – Surat Basin – Icon Energy acreage



Icon Energy's Permits in the Surat Basin

Queensland – Surat Basin - Petroleum Exploration – ATP 626P

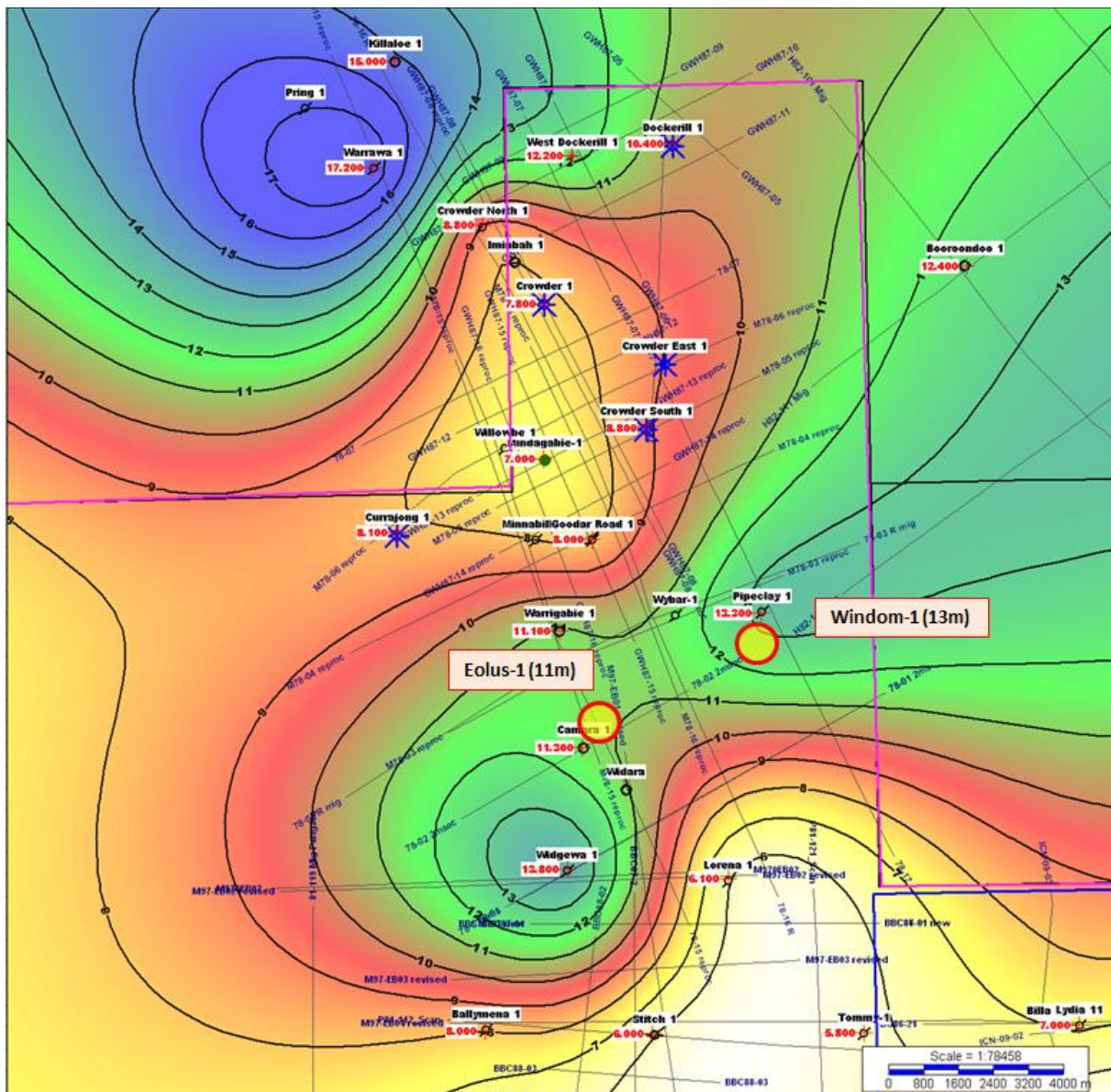
Goondi Energy (a wholly owned subsidiary of Stanwell Corporation) and Icon Energy (the Operator) will drill two (2) Coal Seam Gas wells Eolus 1 and Windom 1 in the northern portion of ATP 626P commencing in early May 2012.

During this period, technical joint venture planning was completed, with landholder negotiations completed in March 2012 in readiness for operations to commence.

Drilling Rig tender and contract negotiations were initiated during the period and concluded in April 2012. Site preparation commenced for Eolus 1 and Windom 1 subsequent to the end of the reporting period, in preparation for drilling in May 2012. The focus for these two (2) vertical Coal Seam Gas wells is to identify and evaluate thicker more permeable Walloon Coal Seams expected in the northern section of the tenement.

A Baseline Assessment Plan of water bores in the tenement was prepared for Queensland Department of Environment and Resource Management in accordance with the *Water Act 2000* (Qld).

The map below shows the proposed locations of the Eolus 1 and Windom 1 in ATP 626P.



Walloon Coal Thickness Map showing the location of Eolus 1 and Windom 1.

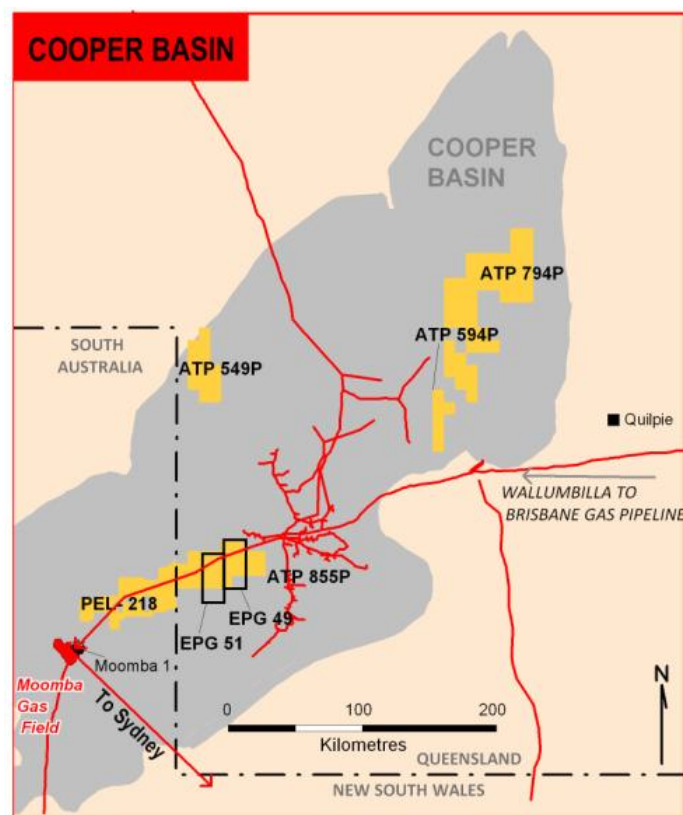
Queensland – Petroleum Exploration – ATP 849P

The ATP 849P joint venture consisting of Icon Energy and Adelaide Energy Limited (**Adelaide Energy**), have approved the 200 kilometre seismic programme in ATP 849P.

The Seismic Survey pre-planning progressed during the March quarter and environmental assessments have now been completed. The Company is working with Terrex to finalise the Seismic Programme which is scheduled to commence following the receipt of all necessary stakeholder approvals.



Queensland - Cooper Basin– Icon Energy acreage



Icon Energy's Permits in the Cooper Basin

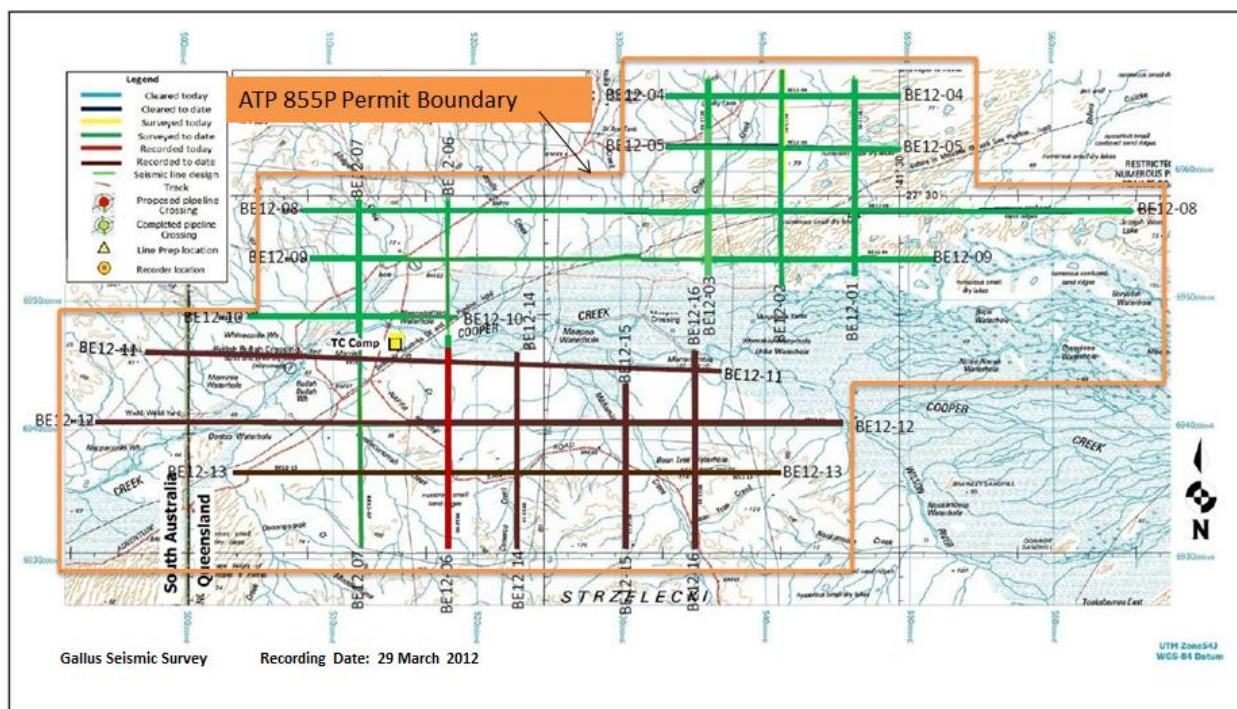
Queensland – Petroleum Exploration – ATP 855P

Icon Energy and Beach Energy (the Operator) commenced arrangements for the conduct of the 425 kilometre 2D Gallus Seismic Survey at ATP 855P in the Cooper Basin in February 2012.

The seismic acquisition programme was located where little or no seismic coverage existed in the permit area and will be instrumental in determining the location of exploration shale gas wells within the Permian section.



ATP 855P: On location of the Gallus Seismic Survey 10 February 2012 (Source: Beach Energy)



Gallus Seismic Survey. Location ATP 855P (Source Beach Energy)

Flooding in the Cooper region delayed the Gallus Seismic Survey which was completed after the end of the reporting period in mid-April 2012. The Survey data is now being processed which will enable better identification of the geological structures in the tenement and will assist in determining the optimum location of future drilling in ATP 855P.

Subsequent to the end of this quarter, Beach Energy (the Operator) advised that the arrival of the new Ensign 965 rig, a new 1,500 horsepower rig scheduled to drill the first well in ATP 855P, had been delayed in its arrival to Australia from North America due to weather and strike issues in the USA. Beach have reported that the expected spud date for Halifax No.1 in ATP 855P will now be in Q3 2012.

Under the terms of the farmin arrangements:

- The well is to be cased and suspended, so that it is suitable for fracture stimulation (which is expected to occur within 30 days of rig release from the well);
- Beach Energy will fund Icon Energy's share of the farmin operations at an estimated cost of \$16 million (gross), with the exception of a \$1.75 million contribution to be made by Icon Energy; and
- The cost of fracture stimulation, completing and flow testing the well will be a Joint Venture cost.

The interests held in ATP 855P are:

- Icon Energy Limited 40%
- Beach Energy Limited 60% (including related bodies corporate)

ATP 855P occupies a significant portion of the highly prospective Nappamerri Trough in the Cooper Basin. The Nappamerri Trough is a prospective area for oil, gas and particularly for deeper shale gas.

The independent United States Energy Information Administration's World Shale Gas Resources Report (EIA Report) has estimated the shale gas resource potential in the Cooper Basin as a whole at 342 TCF of gas, with the recoverable equivalent at approximately 85 TCF. Subsequent to this report Beach have reported a gas-in-place gas resource of 300+ TCF in adjoining tenement PEL 218 alone.

Queensland - Petroleum Exploration - ATP 549P (West)

ATP 549P (West) is located in the Cooper Basin in Queensland and lies to the north of the Cook Oil Field. Icon Energy holds a 33.33% working interest in the West block of the tenement. Great Artesian Oil and Gas Pty Ltd (**GOAG**), a wholly owned subsidiary of Drillsearch Energy Limited (**Drillsearch**) holds a 66.66% interest in the permit and has assumed Operatorship of ATP 549P (West). No operations have been undertaken in this tenement during this quarter.

Queensland – Petroleum Exploration – ATP 794P

ATP 794P is located north west of the town of Quilpie and is situated directly north of ATP 594P.

Icon Energy holds interests in three (3) blocks within the tenement, Brightspot, Springfield and Regleigh. The Company is evaluating the strategic value and future opportunities for this acreage.

Queensland – Petroleum Exploration – ATP 594P

ATP 594P is located near the township of Quilpie. The tenement covers three (3) separate areas consisting of a total area of 1,538 km².

Icon Energy has a 50% working interest in ATP 594P. The Australian Securities and Investments Commission holds the other 50% interest.

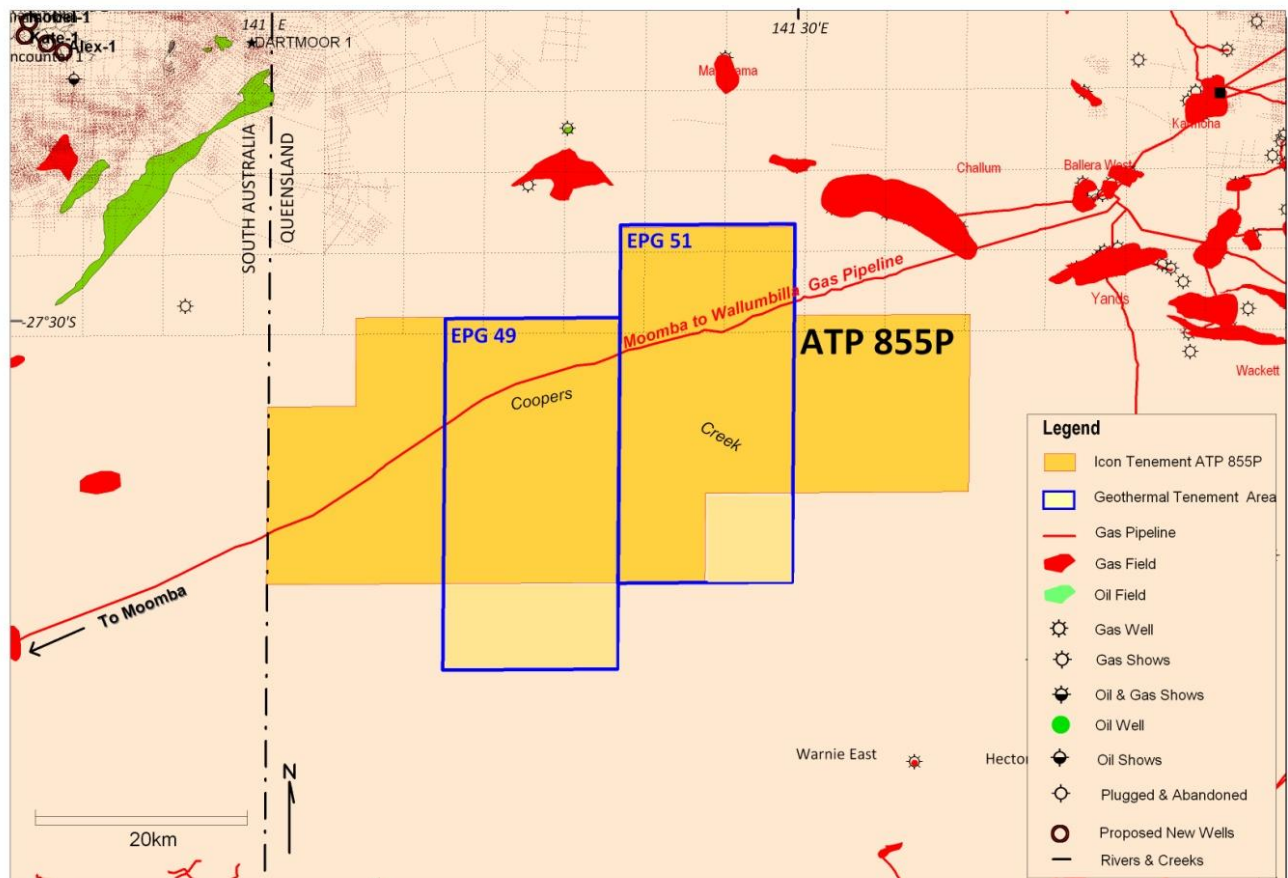
No operational activity is forecast for this tenement at present.

Queensland – Geothermal Exploration – EPG 49 and EPG 51

Icon Energy has 100% interest in EPG 49 and EPG 51. These geothermal permits lie beneath ATP 855P and adjacent to PEL 218. The Company is concentrating on the shale gas prospects and the geothermal project is targeted for development in the longer term.

No further activity has been undertaken in relation to these tenements during this quarter.

The location of EPG 49 and EPG 51 which underlie ATP 855P are delineated on the map below.



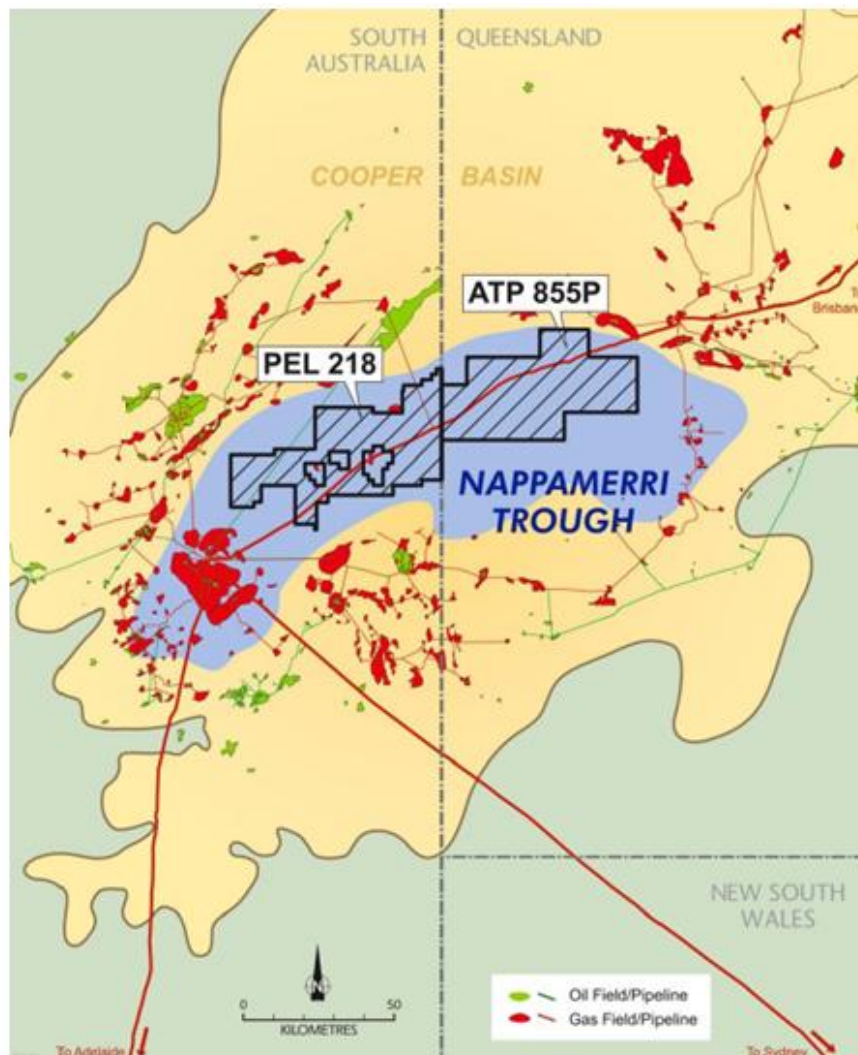
Location of Icon Energy's Geothermal Permits in ATP 855P

South Australia – Petroleum Exploration – PEL 218

Just across the Queensland / South Australian border from ATP 855P is the South Australian permit PEL 218. Icon Energy holds a 33.33% interest in the shallow, Post-Permian, portion of PEL 218 (**Post Permian Section**) and not in the deep Permian levels of PEL 218.

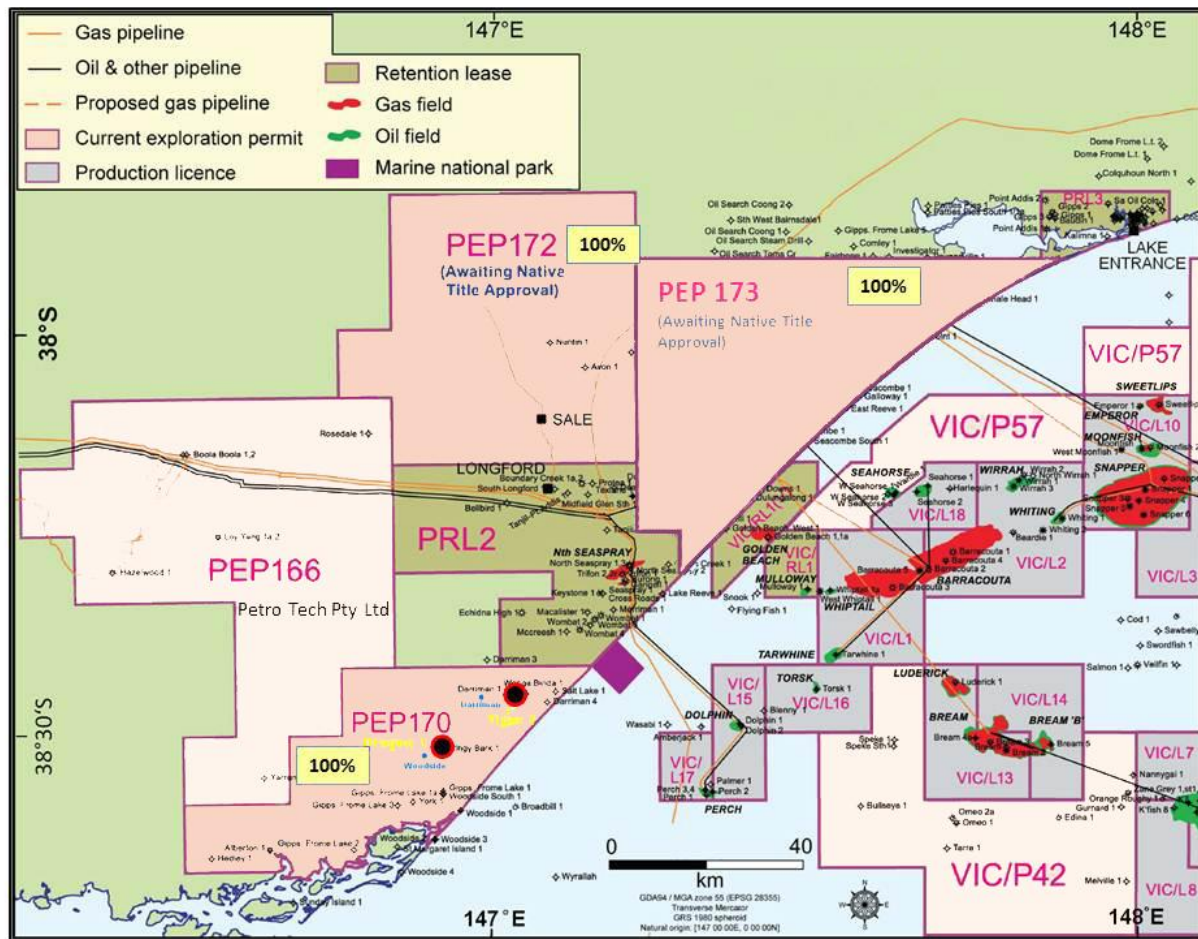
Beach Energy has agreed to support the appointment of Icon Energy as the managing party for all Coal Seam gas exploration operations in the Post Permian Section. No further activity has been undertaken in relation to the Post Permian section in this quarter.

The following map delineates the location of PEL 218 and ATP 855P within the Nappamerri Trough.



Source: Beach Energy

Victoria – Gippsland Basin



Location of Icon Energy's Permits PEP 170, 172 and 173 in the Gippsland Basin

Victoria – Petroleum Exploration – PEP 170

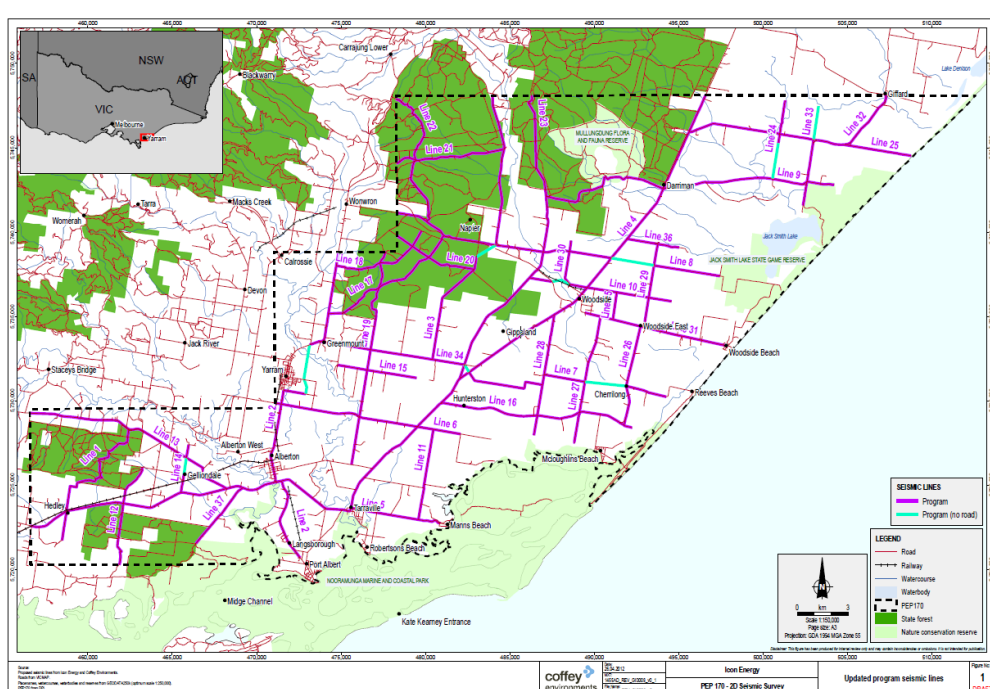
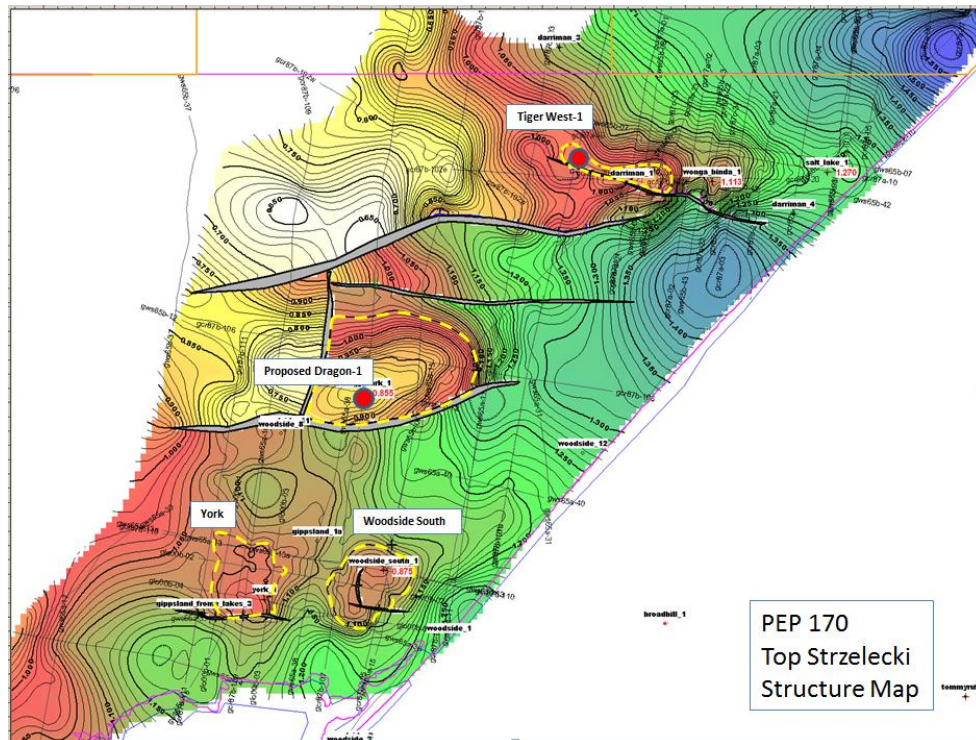
Icon Energy continued discussions with the Department of Primary Industries (DPI) in order to gain approval for the PEP 170 Drilling Operations Plan, as is required under the Petroleum Act 1998 (Vic). Landholder negotiations and engagement with key stakeholders have continued in this quarter along with the progressing of the technical requirements for the Tiger West 1 and Dragon 1 drilling operations.

The drilling of the Tiger West 1 and Dragon 1 well prospects have the potential of addressing more than 1 TCF of gas-in-place.

It was decided during the quarter to vary the exploration program from 200km of 2D seismic and 40km of 3D seismic to 400km of 2D seismic. This variation was made to enable a more complete seismic coverage of the tenement and reduce the impact on landholders by conducting the seismic acquisition on existing roads within PEP 170.

As part of the Murray Seismic Programme Icon Energy commenced work on an Operations Plan (OMP) and Environmental Management Plan (EMP) during the quarter. In the OMP and EMP Icon Energy will address a number of operational, technical, environmental, cultural heritage and community issues. The OMP and EMP are expected to be submitted to the DPI for approval in the June quarter.

The maps below of PEP 170 delineate the proposed well locations, Tiger West 1 and Dragon1 and the 400km Murray Seismic Programme.



PEP 170: The proposed Murray Seismic Programme

Victoria – Petroleum Exploration – PEP 172 and PEP 173

On 10 August 2011, the DPI offered to grant Icon Energy PEP 172, subject to the Company completing an Indigenous Land Use Agreement (ILUA) with the traditional owners, the Gunaikurnai People. PEP 172 is located north of PEP 170 in the Gippsland Basin in Victoria.

On 12 December 2011, the DPI offered to grant Icon Energy PEP 173 in the Gippsland Basin in Victoria. The grant of this permit is also subject to the negotiation of an Indigenous Land Use Agreement (**ILUA**) with the Gunaikurnai People.

Representatives from Icon Energy met with the Gunaikurnai Board and Aboriginal Affairs Victoria (**AAV**) in early 2011 and have agreed to negotiate an Indigenous Land Use Agreement for Gunaikurnai owned areas.

Work is currently under way to re-engage with the Gunaikurnai Board regarding the ILUA terms and conditions.

Financial

Cash position

The Company ended the quarter with a cash position of \$10,594,000.

Shareholder base

As at 31 March 2012 Icon Energy had 469,301,394 shares on issue. The number of shareholders as at 31 March 2012 was 7,103.

Planned forward programme next quarter

ATP 626P

- Drilling of two Coal Seam Gas wells Eolus 1 and Windom 1 in the northern portion of ATP 626P commencing in early May 2012.

PEP 170

- Finalisation of landholder compensation agreements for PEP 170 exploration programme.
- Approval by the Department of Primary Industries (DPI) for PEP170 Operations and Environment Management Plan for the drilling of the two (2) wells Tiger West 1 and Dragon 1.
- Finalisation of Seismic Survey lines for 400 kilometre 2D Murray Seismic survey.
- Submissions to DPI of the Operational and Environmental Management Plans for the 400km 2D Murray Seismic Programme in PEP 170.

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