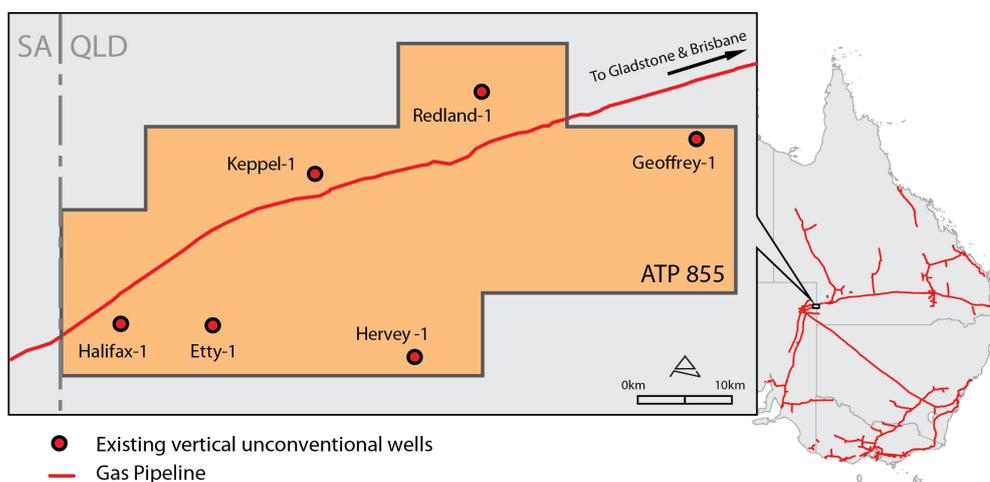


Originally Published Wednesday, 16 April 2014

## Icon Energy - Cooper Basin Shale Gas

Icon is well placed with a 35.1% working interest in Cooper Basin permit ATP-855-P in the Nappamerri Trough, alongside Operator Beach (46.9%) and Chevron (18%). Chevron is farming in and can take its interest up to 28.9% from Beach.

**At a market price of 15 cps, the company has a market capitalisation of ~\$93 million and holds \$26 million of cash, \$13 million of which is budgeted for this year's appraisal work.**



Source: Icon

If the testing work planned over the coming 12-18 months is successful, Icon could be looking at converting a 2C Resource of 221 Bcf into a 2P Resource, while outlining a further 1 Tcf of 2C Resource to its account at other projects. StockAnalysis estimates that a value of over \$600 million or about \$1 per share is a realistic first target for Icon, based on its upcoming programme.

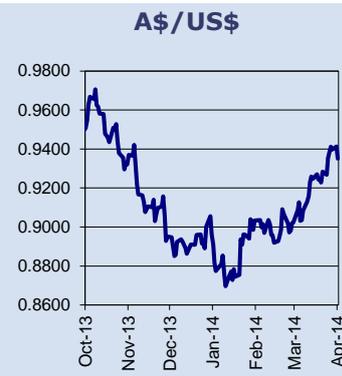
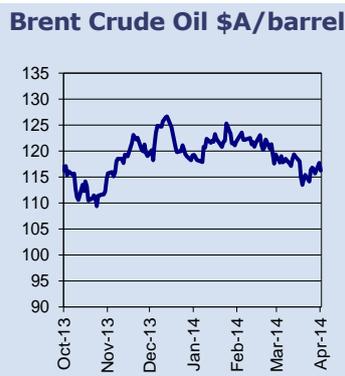
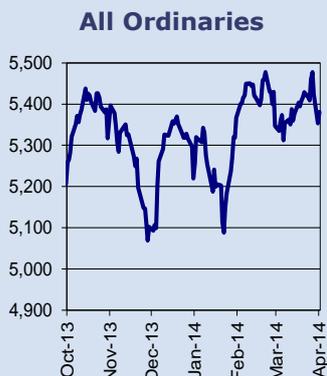
New onshore services company Condor Energy is gearing up to undertake an hydraulic stimulation programme at ATP-855-P for Beach, with the frac program set to start in Q3 '14. Work will include 25 frac stages across four wells, Redland-1, Hervey-1, Geoffrey-1 & ETTY-1 drilled between May 2013 to March 2014. Results of the fracking program will be studied, leading to a possible pilot production phase in 2015 with possible horizontal wells to follow.

All wells drilled to date had gas shows. The Halifax well flowed at a maximum rate of 4.2mmcuft/d from a fracture treatment. All vertical wells penetrated the REM shales and into tight sands of the Patchawarra Formation. A total Contingent Resource of 629 Bcf has been identified around Halifax, so 4 Tcf of 2C gas might be in prospect if all wells perform in a similar fashion on testing.

On balance, Icon seems like a well placed speculative entry into the Cooper Basin shale gas story. More conservative exposure can be had via Beach Energy (ASX: BPT) or Santos (ASX: STO) but leverage is definitely with Icon.

While full field development is likely to cost Icon over \$1.2 billion, the company is funded for this initial test work, after which it could farm-out, raise fresh equity or a mix of both.

Indices and Prices	
All Ordinaries	5,380.30
Energy Index	13,633.60
Brent AU\$/bbl	116.25
AUS\$/US\$	0.9351
As at Close April 15 <sup>th</sup> , 2014	



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