

HIGHLIGHTS AND RESULTS 2013/2014



The 2013/14 financial year was a good year for Icon Energy. The Company completed the year with a net profit after tax of \$1.578 million and a cash balance of \$19.6 million with no debt.

During the year the ATP 855 Joint Venture completed the drilling of five additional vertical wells in the Cooper Basin, compared to one in the previous year. Significant gas shows were recorded from each of the wells which proved the continuation of the basin centred gas play across ATP 855.

The drilling program enabled the certification of an estimated prospective gas resource across ATP 855 and an estimated contingent resource in the area around the Halifax-1 well.

Icon Energy is looking forward to the next stage of the ATP 855 Program with the stimulation and flow testing of the target formations in the wells which commenced in September 2014.

ICON ENERGY MARKET CAPITALISATION AS AT 30 JUNE 2014



ICON ENERGY METRES OF EXPLORATION WELLS DRILLED AS AT 30 JUNE 2014



2014 ANNUAL REPORT
HIGHLIGHTS
ICON ENERGY LIMITED

Dear shareholder,

The 2013/14 financial year was a successful one for Icon Energy with good progress being made in our core work programs. The ATP 855 Joint Venture (**JV**), of which Icon holds a 35.1% interest, performed exceptionally well with the completion of the drilling of five vertical wells in the Cooper Basin during the year, compared to one in the previous year, satisfactorily completing the JV’s work permit obligations. We were encouraged by the fact that all of the wells drilled showed significant gas shows and enabled the JV to book a maiden contingent resources booking around the Halifax-1 well in August 2013 and a recoverable prospective gas resources booking across ATP 855 in June, 2014.

The 2014/15 year promises to be an equally important year for the Company with the commencement of a significant fracture stimulation and flow testing program covering four wells in September 2014.

FINANCIAL RESULT

While market conditions continue to be challenging, the Company finished the year on a solid financial footing with a net profit after tax of \$1,577,590 and cash amounting to \$19.6 million.

During the year the Company secured the necessary capital to progress operations in the Cooper Basin through the raising of \$18.8 million. The capital raising was via a corporate placement to Hong Kong-based Company, HK Prosperous Technology Limited in December 2013.

Our new shareholder is focused on the emerging energy demands in China over the coming decades. The placement of 80.3 million shares at 23.5 cents per share introduced an important and influential keystone shareholder to our register.

OPERATIONAL STRATEGY

The Company’s decision to focus its capital and resources on its assets in the Cooper Basin, reflects our primary strategic objective of establishing 2P reserves of gas. Your Board believes that Icon’s investment in ATP 855 provides us with our best option to achieve this strategic objective. Work undertaken during 2013/14 has led to the certification of both contingent and prospective resources in ATP 855 and provided the Company, and its shareholders, with a potentially significant gas discovery in the Cooper Basin.

Recognising that capital and resources need to be focused on achieving 2P gas reserves, the Board made a decision during the year to divest the Company’s interests in some non-core less prospective tenements including ATP 560 U-Eleven, ATP 849 and EPG’s 49 and 51. At the same time Icon has consolidated its interests in ATP 594 in the Cooper Basin and ATP 626 in the Surat Basin where Icon now holds 100% interest in both tenements.

OPERATION HIGHLIGHTS

Cooper Basin
ATP 855

Following an extensive fracture stimulation program in 2012/13 the Halifax-1 well was flow tested over the six months from February to August 2013 and was then shut in and put on long term pressure build-up. During the flow test period the well produced over 243 MMscf of gas.

On 26 August 2013, Icon announced that Beach Energy, in its capacity as Operator of the ATP 855 Joint Venture, engaged DeGolyer and MacNaughton, a leading international reserves certifier to report on contingent resources in the area around the Halifax-1 well. The assessment reported the following Unconventional Gross Contingent Resources in the area around the Halifax-1 well in ATP 855:¹

1C	2C	3C
318BCF	629BCF	1,115BCF

An additional five wells were drilled in ATP 855 prior to October 2014. The five wells Hervey-1, Keppel-1, Geoffrey-1, Redland-1 and ETTY-1 were all completed during the financial year and the results confirmed the continuation of a basin-centred gas play in the Nappamerri Trough into southeast Queensland, with ATP 855 containing the deepest sections of the Trough. Notices of Petroleum Discovery were lodged with the Department of Natural Resources and Mines (**DNRM**) for the Halifax-1, Keppel-1, Redland-1 and ETTY-1 wells.

On 19 June 2014, following the drilling of these new wells, Icon announced that DeGolyer and MacNaughton had issued a second report on the unconventional recoverable prospective resources in ATP 855. The findings of this independent report on the Unconventional Recoverable Prospective Raw Natural Gas Resources in ATP 855 show the following estimates on the adjacent page:¹

¹ The following notes and statements are relevant to these contingent and prospective resources estimates:

- Icon’s equity share of the abovementioned resources is 35.1%;
- The resource estimates were evaluated in accordance with the Petroleum Resources Management System (**PRMS**);
- Probabilistic estimates have been made for each target formation and these have been statistically aggregated;
- Icon confirms that it is not aware of any new information or data that materially affects the information included in the announcements released on 26 August 2013 and 19 June 2014 and that all the material assumptions and technical parameters underpinning the estimates in the announcements continue to apply and have not materially changed.

Low Estimate (P90)	Best Estimate (P50)	High Estimate (P10)
21.48TCF	28.49TCF	37.74TCF

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Key target reservoirs have been identified in those wells for fracture stimulation and flow tests. These tests which commenced in September 2014 are initially aimed at gathering information on the gas contribution from the various formations and will not immediately test the whole well potential.

Research and Development

The Company continued an extensive research and development program to further develop technologies and processes to extract the natural resources within ATP 855.

ATP 594

Subsequent to the end of the financial year, Icon acquired an additional 50% interest in ATP 594, a tenement located in the Cooper/Eromanga Basin that is prospective for low risk conventional oil and gas.

Icon plans to conduct a seismic and drilling program at the completion of the RTN negotiations with the Native Title applicants.

Surat Basin

On 3 July 2013, the Company announced that Icon Energy had regained the 100% equity interest in ATP 626 following the transfer of Goondi Energy’s interest.

Following a strategic review of ATP 626 and in accordance with the Queensland Government’s mandatory relinquishment policy, Icon relinquished 20 sub-blocks or two-thirds of ATP 626 in the southern portion of the tenement in June 2014. After an extensive two stage program and comprehensive independent research, it was determined that the coal seam gas play in ATP 626 was sub-commercial. Icon is currently evaluating a new seismic and drilling program for conventional oil and gas in the retained portion of the ATP 626 area.

Gippsland

In 2012 the Victorian Government declared a moratorium on fracture stimulation of unconventional gas wells in Victoria. As

at the end of the reporting period the Victorian Government had not lifted the moratorium. Icon has deferred its work program in Victoria until the suspension has been lifted.

The Company looks forward to working closely with our Victorian stakeholders in the future development of these tenements to meet Victoria’s gas supply needs.


GOVERNANCE

The Board is responsible for the overall governance of the Company and works closely with management to ensure the right policies, practices and controls are in place to maintain a high standard of governance, safeguard the interests of shareholders and provide a platform for future growth. During the year these policies, procedures and systems were reviewed and revised to respond to changes in regulatory requirements and governance standards and practices. The Company continued to adopt and comply with Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council during the reporting period.

HEALTH AND SAFETY IN THE WORKPLACE

We are pleased to report that during the year the Company maintained its excellent record for safe and environmentally responsible operations with no reportable incidents or accidents occurring during the year. Directors and management are focused on ensuring that the Company’s personnel operate safely and with respect and integrity at all times.

Icon has made significant progress over the past financial year and it would not have been possible without the strong contribution from Directors and staff and the support of our shareholders. We thank you all for your loyalty and support during 2013/14 and look forward to establishing a significant gas resource through our research and development operations.


S M Barry
Chairman


R S James
Managing Director