28 February 2013

ASX Company Announcements Office

INVESTOR UPDATE

Please find attached an Icon Energy Ltd Investor Update Presentation being delivered today.

Ross Mallett
Company Secretary
Icon Energy Limited
Good morning and thank you for your time

There are three things I’d like to talk about today

- **Company Highlights**
- **Shale Gas Cooper Basin**
- **Near term catalysts for Icon Energy**
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All references to dollars, cents, or $ in this document are to Australian currency, unless otherwise stated.
The Cooper Basin is potentially a world class shale gas asset and the most advanced shale province in Australia.

Icon has a Market Capitalisation of A$120 million and we are well funded with A$17.75 million cash available.

We hold over five and a half million acres of prospective tenements in Australia including some 800,000 acres in the Nappamerri Trough in the Cooper Basin and we hold over 825,000 acres in the Gippsland Basin in Victoria placing us at the centre of future unconventional gas exploration.

The Energy Information Administration’s (EIA) World Energy Report, indicated some 342 TCF and of this, 85Tcf of recoverable gas in located in the Cooper Basin, I’ll talk more about this later.

This was before Monday 25th February, so let’s talk about what happened on Monday.
On Monday (25/02/13) we saw Chevron Australia farm into the Cooper Basin via Beach Energy, this is a US$349 million farmin deal over two stages and over a number of years.

In addition to this, Icon has been granted a put option by Beach Energy, exercisable by Icon up to 30 June 2013, where Icon can require Beach Energy to acquire a 4.9% interest in ATP 855 from Icon on payment by Beach Energy of US$18 million.

Chevron Australia add to a growing list of overseas companies investing in gas projects in Australia such as, Hess, BG Group, Total, ConocoPhilips and Statoil. These companies don’t invest unless they have undertaken a great deal of due diligence on the potential investment and they can see the opportunity.

Given the size of the prize and the estimated potential of shale gas in the Cooper Basin, I’m confident there will be more international investment in shale gas resources as well as a further rationalisation of gas assets.

Drillsearch recently reported and I quote, "Our focus on the Cooper Basin Unconventional Resources continues to attract interest from international parties seeking to secure a foothold in the Cooper Basin" (Source: Drillsearch Q2 Report Dec 2012)
Beach Energy announced a farm out up to 60% of its interest in PEL 218 (Beach 100%) and ATP 855P (Beach 60%, Icon 40%) to Chevron¹.

Envisaged two stage work program in PEL 218 and ATP 855P, with Beach to potentially receive payments totalling US$349 million.

Icon Energy retains 40% interest in ATP 855P.

Icon has put option to sell 4.9% of ATP 855P to Beach Energy for US$18 million².

Chevron has global experience and has a leading technical capability, Unconventional resource experience:

Operations in USA and Canada (Duvernay, Marcellus, Utica, Wolfcamp)
Poland, Romania, China, Lithuania and Argentina

Exposure to >7 million net acres

Outstanding exploration track record in Australia, long history in Australia and 3000 employees

Largest Australian E&P investor
Gas commercialisation/financial capability

Natural gas production more than 4.9 Bcf/d

US$225 billion market cap (as at 21 Feb 2013)

57,000 employees, and I understand this includes 3000 in Australia

Now what did the media make of all this
Over the past few days you have possible read some of these headlines;

• Chevron boosts Cooper Basin prospect
• Chevron puts sparkle into gas stocks
• Now what does all this mean to Icon Energy?
**World class resource**
The Australian gas industry is developing what could be, a world scale Shale Gas discovery in the Cooper Basin which straddles the Queensland and South Australian borders

This could potentially be a resource for hundreds of years to come

**Upcoming catalysts**
The Halifax-1 shale gas well is the largest saturated gas column drilled to date in Australia (1300 metres) it has the thickest REM, thick Patchawarra Formations all over pressurized and more on this a little later

A14 stage Hydraulic Stimulation of Halifax-1 is now completed; and over 700 hydraulic stimulations in Cooper Basin have been completed to date

The flow testing of Halifax-1 commenced in mid February 2013

**Fast track commercialisation**
Every well drilled continues to de-risk this shale play
Moomba-191; 1st commercial shale gas well located near by to Halifax-1

**Broader portfolio**
We have assets in the Cooper, Surat and the Gippsland Basins and we are focussed on developing over 2Tcf 2P reserves in the short to medium term
In July, Mr Reg Nelson MD of Beach Energy said “there is little reason why the 300TCF plus gas in place in PEL 218, can not be replicated in ATP 855P”

The capital expenditure on unconventional gas is well over $1billion (Santos $800 million over 10 years alone) and Beach Energy are drilling 11 unconventional wells, including 4 horizontal wells and undertaking10 hydraulic stimulations November 2012- October 2013.

In ATP 855P the flow testing of Halifax-1 commenced in mid February 2013, initially 2.23MMScf/d constrained and each day we move closer to a stabilised flow rate

Beach Energy’s Moonta-1 has flowed1.6MMScf/d with a 1.5 inch choke and the Moomba-191 (Santos, Beach & Origin Energy) was commercial within 12 months, 3.0MMScf/d

The tenement is adjacent to excellent gas infrastructure Very encouraging results Halifax-1; Mr Reg Nelson, Managing Director of Beach, said: “The Halifax-1 well has delivered what appears to be another sizeable gas saturated section through the Permian zone of the Nappamerri Trough. Each well from this point forward will push this unconventional exploration play closer to the pilot production phase, which is anticipated in 2013.”
Halifax-1 compares favourably to other nearby wells drilled in the Nappamerri Trough. We believe the results so far at Halifax-1 could imply higher gas yields and potential higher gas flow rates.

Halifax-1 flowed gas at 200,000 scf/d constrained from Nappamerri Group. I will come back to this later in relation to our interest in the post permian section, in tenement PEL 218.

Over 1300m+ gas saturation in Halifax-1 compared to 1000 + metres in Moonta-1(PEL 218) The thickest gas saturation to date.

Halifax-1 has the thickest REM 460 metres, nearly 20% thicker than Encounter-1 a thick Patchawarra formation of over 490 metres.

Four horizontal wells to be drilled and stimulated in PEL 218 in 2013 (Beach Energy).

Halifax-1; 14 stage hydraulic stimulation now completed and as I mentioned earlier flow testing is under way.
This is view of the Nappamerri Trough from the west to the east across PEL 218 and ATP 855P in Queensland showing the various formations with a focus on the REM and Patchawarra formations and in this slide you can see the first horizontal well, Holdfast-2 is a 3000m vertical and 1600m horizontal well currently being drilled in the Murteree formation by Beach Energy in PEL 218 (BPT100%)

The over pressured zones in Halifax-1 assist flow rates and the deeper formations allow for greater hydraulic stimulation options
This diagram shows the direct comparison of Halifax-1 showing a greater gas saturation zone when compared to Moonta-1 in PEL 218

We must remember, Halifax -1 is the first shale gas well to be drilled in over 414,000 acres in ATP 855P

In the Nappamerri Formation at around 2200 metres we made a gas discovery and this was indeed an unexpected bonus, the Drill Stem Test at 2663m to 2681m flowed a constrained 200,000scf/d

Icon Energy also have a 33% interest in the Post Permian section of PEL 218 and we believe this gas discovery may in fact be contiguous across both tenements

If the flow rates in the Triassic sediments above the primary objective in the Permian sediment prove to be commercial, then this may change the economics in ATP 855P; shallower wells = cheaper wells
The hydraulic stimulation of Halifax 1 is now completed and flow testing commenced in mid February 2013, which we are very excited about

14 stages were stimulated including 7 stages in the Patchawarra

Hydraulic stimulations at depth in shale sands present learning's for us and with every well our understanding of the geological formations and how fractures react provide valuable information for our next well and hydraulic stimulations
A selection of images from the Halifax-1 site during the hydraulic stimulation

The Cooper Basin is an arid part of Central Australia, minimal pastoral activity, non agricultural, abundant artesian water and high temperatures (50c plus in January)

The industry has good relations with landholders and Indigenous Australians across the Cooper Basin and the basin is served by excellent gas infrastructure and a large investment is continuing to endeavour to flood proof critical infrastructure and access roads
So what’s happened so far, Beach Energy have stimulated Moonta-1, Streaky-1, & Halifax-1

Flow testing Halifax-1 commenced in mid February and a 2C resource is expected to be booked in Q2 2013 subject to successful flow testing

Beach Energy expected to upgrade resources to reserves in 2013

Early monetisation of gas via adjacent infrastructure ie gathering lines etc

The joint venture will be drilling, an additional 5 shale gas wells subject to joint venture approval in ATP 855P during 2013-2014 to meet the tenement commitment

These activities further de-risk shale gas exploration
Clearly the companies with assets in the Cooper Basin and more particularly, unconventional gas opportunities have performed well in the market

Exploration success including drilling, hydraulic stimulation and flow testing activities and booking contingent resources have driven share prices higher

Beach Energy has been the leader in unconventional gas and has seen the benefits in share price appreciation

Adelaide Energy potential (unconventional assets) was realised by Beach Energy

We believe the hydraulic stimulation and successful flow testing of Halifax -1 will provide a real near term catalyst for Icon Energy
The Nappamerri Trough is a potential world class gas asset and the most advanced shale province in Australia and as I mentioned earlier, there is unprecedented interest in Australia’s shale gas program by media and international E&P companies.

People are now re-evaluating the gas supply options and are focussing attention on supplying gas from the Cooper Basin. Icon has a strong position in the Cooper Basin and we are well positioned into the future.

We will continue to see an increase in community opposition to CSG exploration in NSW and in the Surat Basin in Queensland and this opposition has made land access more difficult, more expensive and it takes far longer to reach landholder agreement. CSG Regulations are continually being changed mid project and this makes the Cooper Basin a really attractive gas supply option for the next 20 to 50 years.

The growth in Asian LNG demand will continue as the population grows and incomes rise.

Icon Energy has a contract for 40million tonne of LNG (2mtpa x 20 years) with Shantou SinoEnergy linked to Tapis oil pricing and a 2C Contingent Resource booking of Halifax-1 will assist us towards obtaining the necessary 2P 2Tcf reserve needed for the LNG contract.

Halifax-1’s gas discovery is a potential company maker for Icon Energy and it may reposition us from explorer to producer with exciting near term market catalysts.
Thank you for your time today, it is greatly appreciated.