

4 Miami Key  
PO Box 2004  
Broadbeach  
Queensland 4218 AUSTRALIA

Ph: 61+ 07 5554 7111  
Fax: 61+ 07 5554 7100  
Email: info@iconenergy.com  
Web: www.iconenergy.com

9 April 2013  
Ms Shannon Hong  
Adviser Listings Compliance  
ASX Compliance Pty Ltd  
20 Bridge Street  
Sydney NSW 2000

Dear Shannon

### **Request for Information**

In response to your request for information set out in your letter dated 5 April 2012 Icon Energy ("the Company") responds as follows:

**1. Does the Company consider the update on Halifax contained in the Announcement to be material to the Company for the purposes of listing rule 3.1?**

At the time of Beach's release on 3 April 2013 the Company did not consider the information contained in the release to be material to the Company for the purposes of listing rule 3.1. However, with the benefit of hindsight including knowledge of the trending of the flow rate since the release and the movement in Icon's share price on 4 April one could come to the conclusion that the information on the flow rate released by Beach Energy on 3 April was material.

**2. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the update on Halifax to be material. In answering this question, reference should be made to the timing of the Beach Announcement and the Share Price Fall.**

The Beach announcement on 3 April provided a brief update on the Halifax-1 well including a reference to the current gas flow rate at the date of the announcement. While Icon had discussed the update on Halifax-1 with Beach on 3 April Icon was expecting Beach to release the update, as part of their monthly drilling report on 4 April and Icon was preparing to make a similar release on the morning of 4 April which it subsequently did, noting the reduced flow rate and informing the market that the reasons for the reduction in flow rate were being investigated.

There are two factors to be considered in relation to the flow rates during the flow testing program. Firstly, gas flow rates are quite volatile in the early stages of a testing program often taking a considerable time to achieve a stabilised flow rate. Secondly, gas flow rates vary considerably in the period immediately following a well shut-in being reopened as was the case with Halifax-1. Icon believes that a reasonable person would be aware of the inherent volatility of these test results and based on the information known on 3 April would not expect Icon to report on flow rate changes that were both inconclusive and part of an incomplete testing program. Rather there is an expectation that the Company would query



the Operator on any significant or unusual testing results arising from the program and report the results together with an explanation, if available, to the market .

The flow testing program for the Halifax-1 well commenced on 11 February 2013 with both Icon Energy and Beach Energy (the Operator) reporting on the flow rates initially on a fortnightly basis and then subsequently on a monthly basis with reports timed to coincide with Beach Energy's monthly drilling report. Following the release of the first three reports on flow testing there was no significant change to the Icon Energy share price.

On 5 March the well was shut-in due to heavy rains. When it was re-opened on 9 March flow rates were initially quite volatile before dropping back below the level experienced immediately before the shut-in. This fall in the flow rate was expected to some degree because the flow rates were constrained by the need to choke back the flow to reduce the rate of hot fluids so that the well head temperature did not exceed its maximum operating temperature. However, when the choke was increased on 27 March and the well was unconstrained Icon expected the flow rate to increase substantially. While it did initially it subsequently dropped back and then slowly declined. Both the Company and the Operator are investigating whether there is any specific explanation for the decline in the flow rate and what action, if any, can be taken to address this. As soon as the results of that investigation are available they will be reported to the market.

While the Company did not believe it was necessary to report the decrease in the flow rate under listing rule 3.1 on 3 April 2013 while it was being investigated by the Operator to determine whether it represented a stable rate or some temporary constraint which could be remedied, both companies agreed it was important to keep the market updated on developments at the Halifax-1 well.

**3. If the answer to question 1 is "yes", when did the Company first become aware of the information in the Announcement concerning the update on Halifax?**

Not applicable

**4. If this was before the Trading Halt, please identify any earlier announcement from the Company which disclosed the update on Halifax.**

Not applicable

**5. If there was no earlier announcement, and the Company became aware of the update on Halifax prior to the Trading Halt, why was the information not released by the Company to the market at an earlier time? Please comment specifically on the application of listing rule 3.1 and the exceptions to the rule in listing rule 3.1A.**

Icon did not release the update on the flow rate prior to the Trading Halt because:

- a) Icon did not believe at the time that the information from the testing program would have a material effect on the price or value of Icon's securities nor did Icon believe a reasonable person would expect it to do so. The information was confidential, until the release was made by Beach, represented only part of an incomplete flow testing program and was not sufficiently definite to warrant disclosure under listing rule 3.1;
- b) While Icon had discussed with the Operator the content of the proposed update on the Halifax-1 well on 3 April, Icon did not expect Beach would be releasing the update until 4

April and was preparing to make a similar release on the morning of 4 April which it subsequently did;

- c) Icon was aware that Beach ordinarily states in reports on JV updates that Icon Energy is a JV partner which enables the ASX company announcement platform to mirror the announcements under Icon's banner. This did not occur in relation to the Beach report on 3 April.

When the market opened on 4 April and the Company became aware of the fall in the share price the Company requested a trading halt until it could determine if there was a reason for the fall.

- 6. Please comment on the adequacy of the current arrangements the Company has in place, as required by listing rule 5.18, to ensure that the Company is able to meet its disclosure obligations. What additional steps does the Company intend to take to ensure that it is able to comply with its disclosure obligations?**

The Company believes that the current arrangements the Company has in place, as required by listing rule 5.17, to ensure that the Company is able to meet its disclosure obligations are adequate.

The Company has attempted to synchronise the timing of release of joint venture updates with the Operator in the past and will place added emphasis on this aspect of lodgement in the future.

The Company has also made arrangements with the Operator for more regular formal discussions on joint venture activities to ensure the Company is better informed on the progress of these activities.

- 7. Please confirm that the Company is in compliance with listing rule 3.1.**

The Company confirms that it is in compliance with the requirements of listing rule 3.1.

Please contact the undersigned by phone on 07 5554 7111 or email [ross.mallett@iconenergy.com](mailto:ross.mallett@iconenergy.com) if you have any queries on this response.

Yours sincerely



Ross Mallett  
**Company Secretary**



5 April 2013

Mr. Ross Mallett  
Company Secretary  
Icon Energy Limited  
4 Miami Key  
Broadbeach Waters  
QLD 4218

ASX Compliance Pty Limited  
ABN 26 087 780 489  
20 Bridge Street  
Sydney NSW 2000  
PO Box H224  
Australia Square  
NSW 1215

Telephone 61 2 9227 0132  
Facsimile 61 2 9241 7620  
www.asx.com.au

By Email

Dear Ross

### Icon Energy Limited (the "Company")

ASX Limited ("ASX") refers to the following:

1. The announcement made by Beach Energy Limited titled "Monthly Drilling Report - March 2013" lodged with ASX at 04:43 pm AEDT on Tuesday, 3 April 2013, and released at 04:48 pm AEDT on the same day, disclosing that the flowback of the Halifax-1 well ("Halifax") was "initially choked back due to temperature constraints on surface equipment" with a current flow rate of 1.8 MMscf/d relative to the flow rate of 4.2 MMscf/d recorded previously (the "Beach Announcement").
2. The Company's verbal request for a trading halt at approximately 10:56 AM AEDT on Thursday, 4 April 2013 (the "Trading Halt").
3. The drop in the Company's share price from a close of \$0.195 on 3 April 2013 to \$0.155 at the time of the Trading Halt, a decline of approximately 20.5% (the "Share Price Fall").
4. The Company's announcement titled "Response to Share Price Query" which contains a media release on "Two wells to be drilled in ATP 855P by 30 June 2013 in accelerated program" lodged with ASX at 05:04 PM AEDT on Thursday, 4 April 2013, and released at 05:21 PM AEDT on the same day (the "Announcement"), disclosing that Halifax is "currently flowing gas at an unconstrained rate of 1.8 MMscf/d" and "did not return to its pre-shut in rate for reasons that are currently being investigated" following the shut-in period.
5. Listing rule 5.18 which is as follows.

*"An entity must not enter a joint venture agreement to investigate or explore a +mining tenement, unless the agreement provides that if the entity requires it the operator will give the entity all the information the entity requires to comply with the Listing Rules; and that the information may be given to ASX for release to the market if necessary for the entity to comply with the listing rules."*

6. Listing rule 3.1, which requires an entity, once it becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, to immediately tell ASX that information.
7. The definition of "aware" in Chapter 19 of the listing rules. This definition states that:

*“an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity.”*

8. Paragraph 18 of Guidance Note 8 which states:

*“Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example.”*

9. Listing rule 3.1A, which sets out an exception from the requirement to make immediate disclosure, provided that each of the following are satisfied.

*“3.1A.1 A reasonable person would not expect the information to be disclosed.*

*3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential.*

*3.1A.3 One or more of the following applies.*

- It would be a breach of a law to disclose the information.*
- The information concerns an incomplete proposal or negotiation.*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*
- The information is generated for the internal management purposes of the entity.*
- The information is a trade secret.”*

10. ASX’s policy position on the concept of “confidentiality” which is detailed in paragraphs 33 to 39 of Guidance Note 8. In particular, paragraphs 34 and 35 of the Guidance Note state that:

*“Confidential’ in this context has the sense of ‘secret’...” and “Loss of confidentiality may be indicated by otherwise unexplained changes to the price of the entity’s securities, or by reference to the information in the media or analysts reports”.*

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A.

1. Does the Company consider the update on Halifax contained in the Announcement to be material to the Company for the purposes of listing rule 3.1?
2. If the answer to question 1 is “no”, please advise the basis on which the Company does not consider the update on Halifax to be material. In answering this question, reference should be made to the timing of the Beach Announcement and the Share Price Fall.
3. If the answer to question 1 is “yes”, when did the Company first become aware of the information in the Announcement concerning the update on Halifax?
4. If this was before the Trading Halt, please identify any earlier announcement from the Company which disclosed the update on Halifax.
5. If there was no earlier announcement, and the Company became aware of the update on Halifax prior to the Trading Halt, why was the information not released by the Company to the market at an earlier

time? Please comment specifically on the application of listing rule 3.1 and the exceptions to the rule in listing rule 3.1A.

6. Please comment on the adequacy of the current arrangements the Company has in place, as required by listing rule 5.18, to ensure that the Company is able to meet its disclosure obligations. What additional steps does the Company intend to take to ensure that it is able to comply with its disclosure obligations?
7. Please confirm that the Company is in compliance with listing rule 3.1.

Your response should be sent to me by e-mail. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (i.e., **before 9.30 a.m. A.E.D.T.**) on **Tuesday, 9 April 2013**.

If you are unable to respond by the time requested, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 - Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we may ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

*(Sent electronically without signature)*

Shannon Hong  
**Adviser, Listings Compliance**