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## ASX/Media Release

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### Icon Energy and Beach stall on Beach's Proposed Farmin to ATP855P

Queensland based oil and gas company, Icon Energy Limited (**Icon Energy**), today announced that it was in dispute with Beach Energy Ltd (**Beach**) over Beach's claimed farmin to ATP855P (**Proposed Farmin**).

Icon Energy's position is that it has not reached agreement with Beach on the final terms of the proposed farmin agreement, joint venture operating agreement and share subscription agreement (**Farmin Documents**) and that Icon Energy retains its 80% interest in ATP855P (**Permit**).

Icon Energy Managing Director Ray James said he was not concerned that the companies had been unable to reach agreement on the final terms of the Farmin Documents as Icon Energy considers the ATP855P tenement to be highly prospective.

Icon Energy is looking to source gas from the Permit, as well as from other operated and non-operated tenements in Queensland and South Australia, for its proposed LNG Sales Agreement (**China LNG Sales Agreement**) with Shantou SinoEnergy.

Mr James emphasised that, while Icon Energy would have been well positioned with only a 40% interest in the Permit (had the proposed farmin been concluded), Icon Energy is even more strongly placed by retaining its full 80% equity position.

Icon Energy expects to make a further announcement in relation to the China LNG Sales Agreement by the end of March.

Beach put the Proposed Farmin to Icon Energy as far back as October 2009 via a two page letter (appending a further two page set of joint operating agreement principles), which was counter-signed by Icon Energy on 22 October 2009 (***Farmin Proposal***). In its letter putting the proposal, Beach stated:

*‘If accepted, we propose that the parties would then enter into negotiations for a Farmin Agreement and Share Subscription Agreement to formalise the transaction.’*

Mr James said he was unable to elaborate further on the terms of the Farmin Proposal as one of its conditions was that the terms of Beach’s offer not be disclosed to any third party.

Acknowledging Beach’s release to the market on Friday, 18 March 2011, Mr James denied Beach’s assertion that it had a current legal entitlement to a 25% interest in the Permit or that, by exercising an option, Beach had the right to earn up to another 15% interest by contributing to exploration costs.

Mr James said that, in line with the companies’ previous disclosures, the Proposed Farmin was subject to the companies negotiating a formal farmin agreement, joint venture operating agreement and a share subscription agreement.

“Seventeen months has passed since Beach’s proposal to farmin to the Permit.

“Negotiations on the Farmin Documents have been stalled for some time, with a draft share subscription agreement having only been delivered to Icon Energy last Thursday, 17 March 2011”, Mr James said.

“It has never been Icon Energy’s position that the Proposed Farmin can be effected on the basis of the Farmin Proposal and Icon Energy refers to each of its Quarterly Activities Reports, Annual Reports and Directors’ Reports which effectively state that the Proposed Farmin is subject to the negotiation and execution of a formal farmin agreement, joint venture operating agreement and share subscription agreement”, said Mr James.

In its release on 31 January 2011 of Icon Energy’s Quarterly Activities Report for the December 2010 Quarter, Icon Energy stated:

*“Since October 2009, Icon Energy has been negotiating a potential farmin by Beach Energy Ltd (Beach) of up to a 40% participating interest in the tenement. As part of those negotiations, Icon Energy has been seeking to resolve various issues relating to the proposed farmin with Beach, including (amongst other things) operatorship and the nature, extent and conduct of coal seam gas (CSG) operations in the tenement, as well as in PEL218.*

*In the absence of reaching a resolution which is satisfactory to Icon Energy, the Company will for the time being:*

- *retain an 80% interest in the tenement and will not proceed with the proposed farmin;*

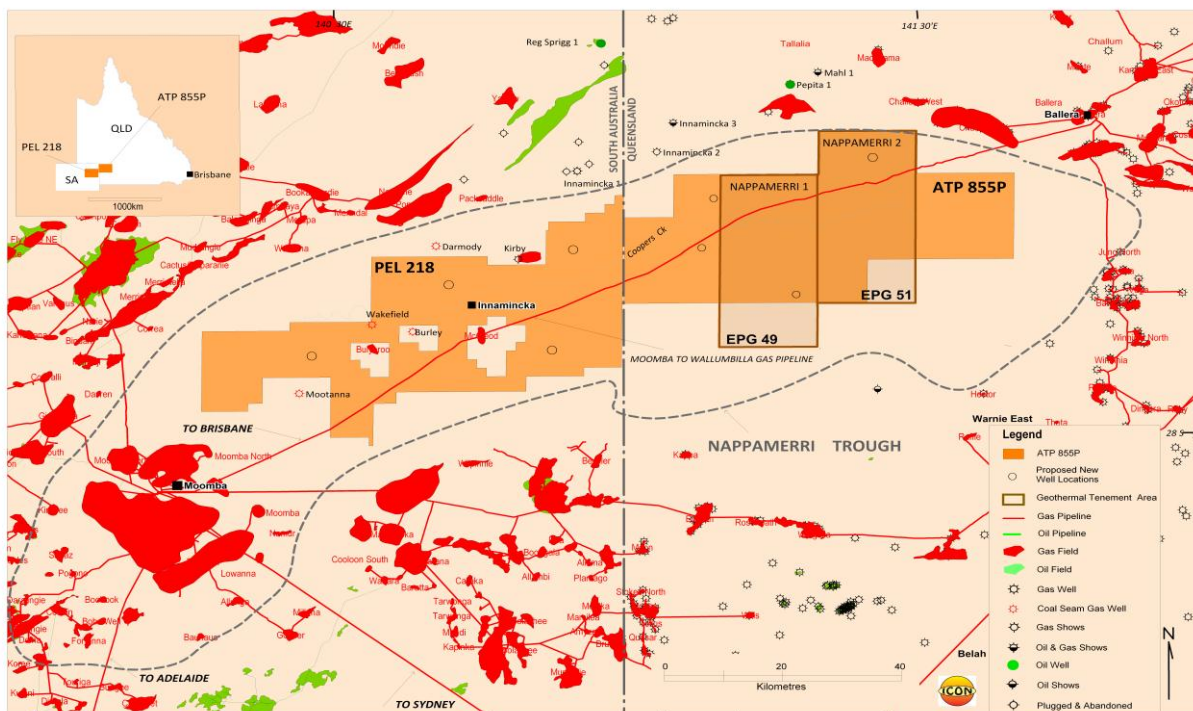
- *issue entry notices so that it and its joint venturers can conduct preliminary operations assessments at the first available opportunity; and*
- *prepare a detailed exploration drilling programme and budget to test the CSG and shale gas potential of the permit.*

*In considering the various issues relating to the tenement, the Company has identified that there is considerable benefit in not proceeding with the proposed farmin with Beach, particularly given the inability to formalise the farmin and operating terms and the need to be able to undertake unhindered geothermal operations in EPG49 and EPG51.”*

ATP855P lies adjacent to PEL218, which is located on the South Australian side of the Nappamerri Trough and where Beach, as Operator of PEL218, has already drilled Encounter-1 (approximately 5 kms from the boundary with ATP855P) and is currently drilling Holdfast-1.

The grant of ATP855P has been pivotal to Icon Energy’s gas strategy in the Cooper Eromanga Basin, where the industry estimates a possible 200 trillion cubic feet (TCF) of gas may be in place in the Nappamerri Trough alone.

The following map delineates the ATP855P and PEL218 tenements and the 100% owned Icon Energy EPG49 and EPG51 geothermal tenements overlying ATP855P.



ENDS