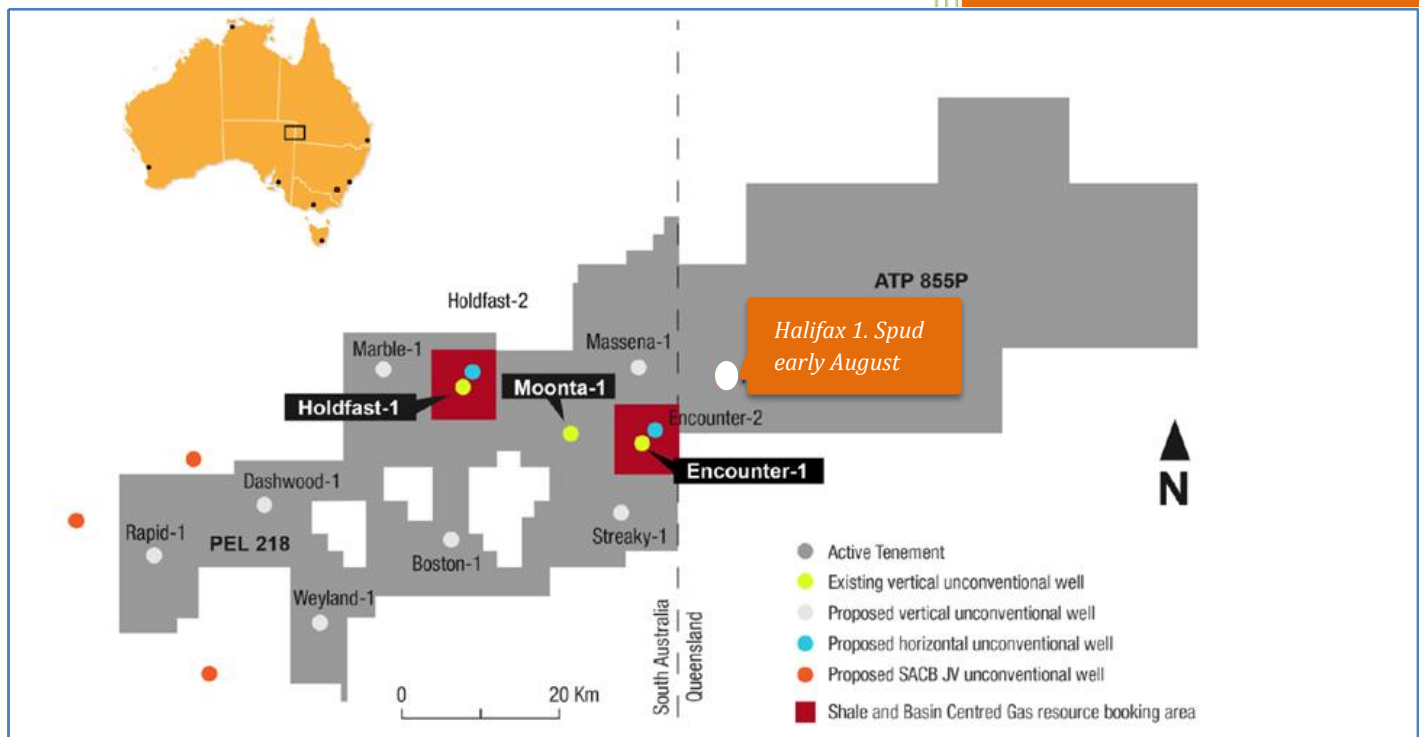




Icon Energy Limited

Quarterly Report Period ending 30 June 2012



Location of Halifax 1 well in ATP 855P in the Cooper Basin. Drilling to commence early August 2012.

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FOURTH QUARTER ACTIVITIES REPORT



Period ending 30 June 2012

Highlights

Operations

- Icon Energy Limited (**Icon Energy** or **Company**) and Beach Energy Limited (**Beach**) have accelerated the drilling of the unconventional gas well Halifax 1 in the Nappamerri Trough in the Cooper Basin. Unconventional gas wells drilled by Beach just 12 kilometers from the upcoming well, Halifax 1 have showed extremely promising results. Beach has undertaken to drill Halifax 1 immediately following the completion of the Streaky 1 well in PEL 218, leading the joint venture to move the drilling of Halifax 1 forward from September to early August 2012.
- Icon Energy and Beach executed a revised Farmin Agreement for ATP 855P on 13 July 2012. Beach and Icon Energy have agreed to drill a vertical well for Halifax 1 in place of the planned horizontal well and amended the agreement accordingly. The financial terms of the farm-in will be the equivalent of those agreed previously, with Beach to retain its 40% assignment after funding the first \$16 million relating to drilling and development of Halifax 1, or until the cost of completion, less a \$1.75 million contribution from Icon Energy.
- The Company and Goondi Energy (**Goondi**), a wholly owned subsidiary of Stanwell Corporation, completed the drilling activities for two coal seam gas wells, Eolus 1 and Windom 1 in ATP 626P. Eolus 1 showed encouraging results and has been cased and suspended until further well studies are completed.
- Icon Energy, continues to engage with stakeholders in Gippsland, Victoria in order to reach final approval from the Department of Primary Industries (DPI) for the Operations Plan (**Drilling OP**) and Environmental Management Plan (**Drilling EMP**) covering the drilling of two (2) wells, Tiger West 1 and Dragon 1 in PEP 170.
- A separate Seismic Operations Plan (**Seismic OP**) and Environmental Management Plan (**Seismic EMP**) has also been submitted for DPI approval which is expected to be forthcoming shortly. The majority of the 400km seismic survey will be conducted on established roads, with approximately 28 kilometres of seismic acquisition on freehold land.

Corporate and Commercialisation Projects

Financial

Icon Energy ended the June quarter with a cash balance of \$9,411,000 and 469,301,394 shares on issue.

Subsequent Events

- Beach and Icon Energy are expecting to spud Halifax 1 in the Cooper Basin in early August 2012.
- The Joint Venture will review the prospectivity of the resource prior to progressing future work plans.
- Icon Energy will finalise and submit the Operation Plans and Environmental Management Plans for the drilling of Dragon 1 and Tiger West 1 and the acquisition of 400km of the Murray Seismic Survey in PEP 170 in the Gippsland Basin.

Operations

Queensland – Petroleum Exploration – Cooper Basin - ATP 855P



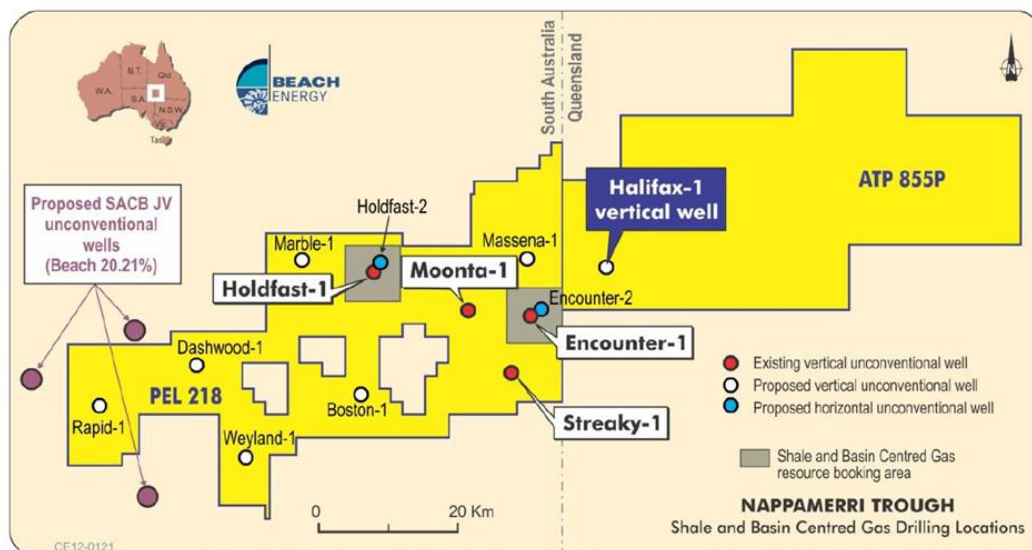
ATP 855P occupies a significant portion of the Nappamerri Trough in the Cooper Basin in south west Queensland. The Nappamerri Trough is a highly prospective area for oil and gas given the rock quality and over pressured, thermally mature composition of the sediments.

Icon Energy is encouraged by the results of the drilling by Beach in the adjoining tenement PEL 218. Beach's Encounter 1 well in PEL 218 is approximately 12 km from the proposed Halifax 1 well in ATP 855P. Given the successful results achieved throughout the drilling sequence in Beach's wells nearby in PEL 218, the Icon and Beach joint venture have agreed to drill a deep vertical well, of approximately 4000 meters in place of the previously planned horizontal well.

The Halifax 1 vertical exploration well will be:

- Extensively cored, with evaluation of the whole Permian section down to the base of the Patchawarra Formation;
- Used to identify the best targets for a future horizontal well;
- Fracture stimulated and flow tested through multiple zones, with a material contingent resource expected to be booked; and
- Used for micro-seismic monitoring of a future horizontal well.

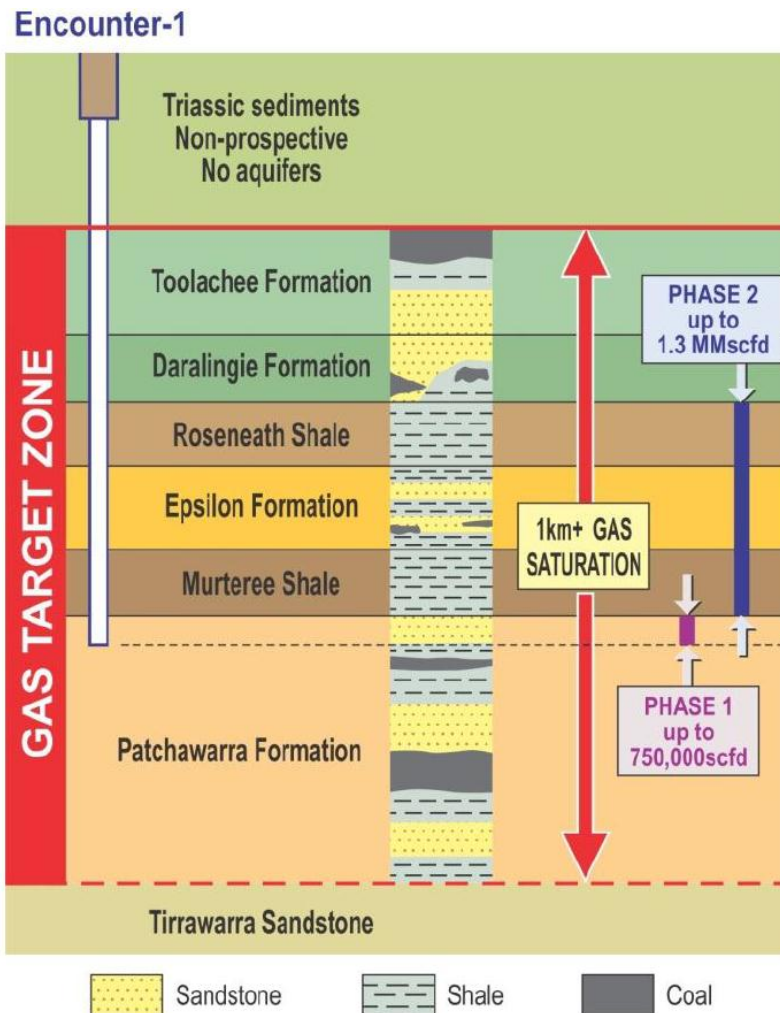
Halifax 1 spud date has been brought forward from September to early August 2012, utilizing the Ensign 916 drilling rig, after the drilling of the Streaky 1 well.



Cooper Basin Nappamerri Trough PEL 218 and ATP 855P (Source Beach Energy)

The independent United States Energy Information Administration’s World Shale Gas Resources Report (EIA Report) has estimated the shale gas resource potential in the Cooper Basin as a whole at 342 TCF of gas, with the recoverable equivalent at approximately 85 TCF. Subsequent to this report, Beach have reported a gas-in-place gas resource of 300+ TCF in adjoining tenement PEL 218 alone and that ATP 855 was likely to have similar potential for gas resources.

Beach’s Encounter 1 well located 12 km from the Halifax 1 well, explored the Roseneath Shale, Epsilon Formation and Murteree Shale (REM Sequence) and the top of the Patchawarra Formation with good initial results.

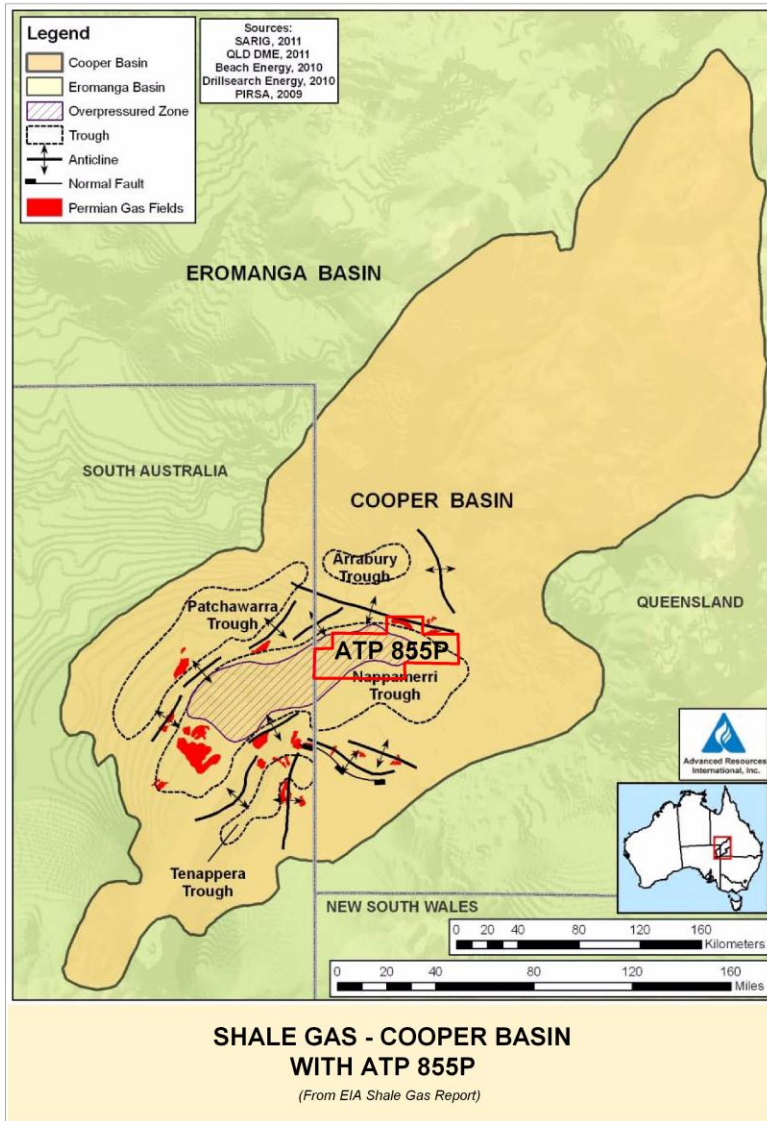


Source: Beach Energy

On the 10 July 2012, Beach Energy announced the following results:

- Encounter 1 flow tested at a combined rate of over 2 MMscfd, a higher flow rate from fewer fracture stimulation stages (6 as opposed to 7) when compared with Holdfast 1;
- Fracture stimulation of Holdfast 1 and Encounter 1 have confirmed productive shale contributions;
- Encounter 1 has confirmed the lateral continuity of the basin centred gas play, with the Patchawarra zone flow tested at up to 750,000 scfd from the top 50 metres.

The 423 kilometre 2D Gallus Seismic Survey was conducted in ATP 855P by Beach Energy (as joint venture operator) in the Cooper Basin in February 2012. The Gallus Seismic Survey data was completed in April and processing of the data (currently around 50% complete) is expected to be completed in Q3 2012. This data will be used to clarify detail of the structural form of the shale and basin centered gas play which Beach believes is contiguous with PEL 218.



Source: EIA Shale Gas Report

Halifax 1 drilling Farmin arrangements:

- Halifax1 will be drilled as a vertical well to a depth of almost 4000 metres penetrating the REM and to the base of the Patchawarra Formation; and
- The well will be cased and suspended, prior to fracture stimulation.

Halifax 1 drilling expenditure:

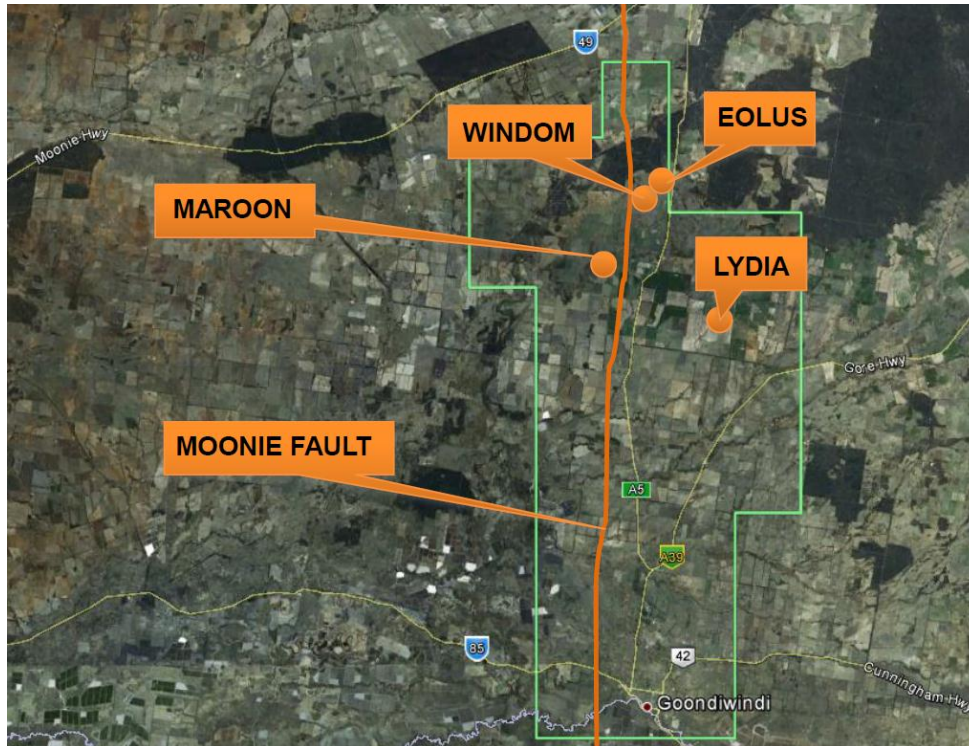
- In order to earn its additional 40% interest Beach will fund at least \$16 million (gross) of the drilling, testing, fracture stimulation and development costs;
- Icon Energy will contribute \$1.75 million toward the project costs.

The interests held in ATP 855P joint venture following the drilling of Halifax 1:

- Icon Energy Limited 40%
- Beach Energy Limited 60% (subject to the completion of farmin arrangements)

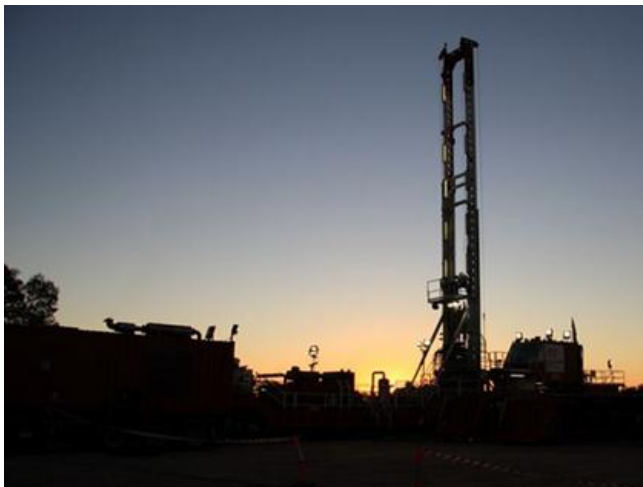
Queensland – Surat Basin - Petroleum Exploration – ATP 626P

Goondi Energy (a wholly owned subsidiary of Stanwell Corporation) and Icon Energy (the Operator) drilled two (2) Coal Seam Gas wells Eolus 1 and Windom 1 in the northern portion of ATP 626P.



ATP 626P Well locations including Eolus 1 and Windom1 in relation to the Moonie Fault.

The two wells were drilled as part of the Stage 2 work program of the farmin agreement for 2012.



Pictured Right: ATP 626P Drilling Eolus 1

The Eolus 1 well in ATP626P was spudded on 21 May 2012 with the Ensign 960 Rig and reached a total depth of 1200 metres on 25th May 2012.

A total of four (4) Drill Stem Tests were conducted.

Wireline logging operations were conducted revealing encouraging results. The coal seam thicknesses was measured at 10.4 metres of net coal in the Walloon Coal Measures at Eolus 1.



The Eolus 1 well was cased and suspended pending further investigation of the optimal well completion technique, which may include horizontal drilling.

The Windom 1 well was spudded on 7 May 2012 and reached a total depth of 1200 metres.

The net coal intersected indicated better than initial expectations, however the four Drill Stem Tests that were conducted suggested the well to be of low permeability.

Windom 1 was plugged and abandoned.

ATP 626P Feasibility Study

Icon Energy is currently receiving expressions of interest for a Feasibility Study focusing on the entire ATP 626P tenement.

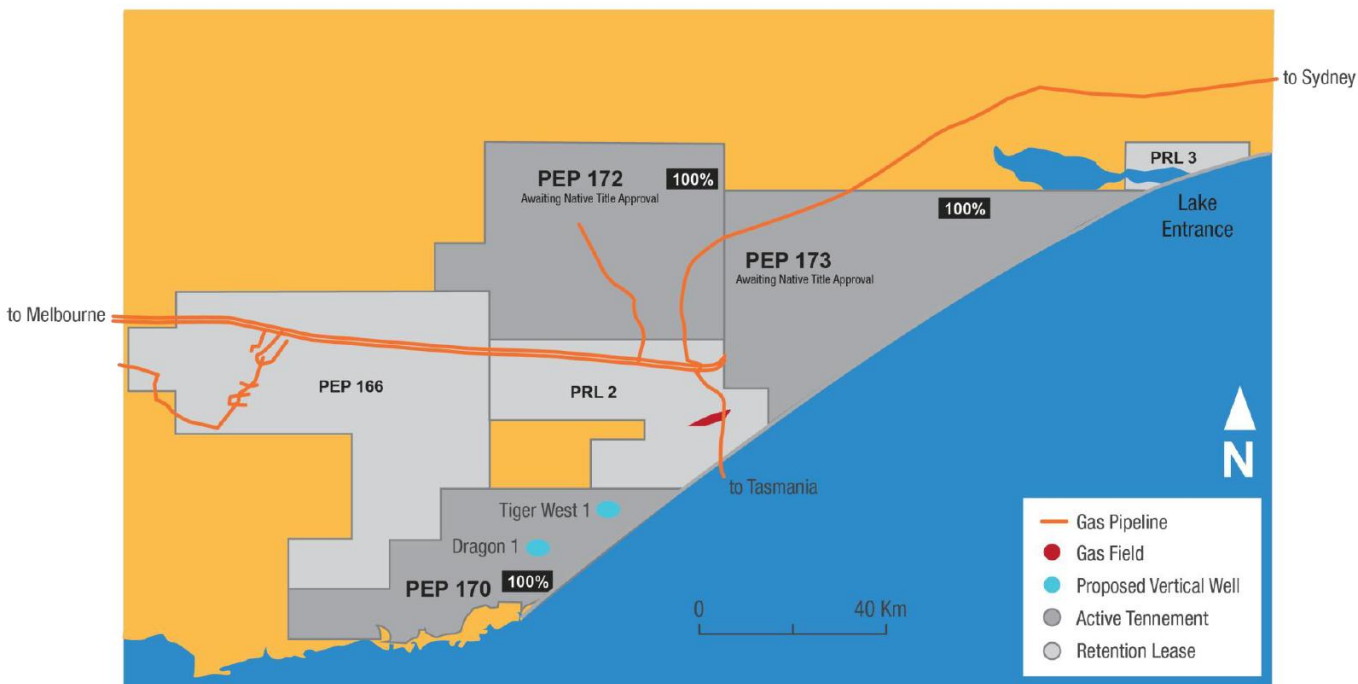
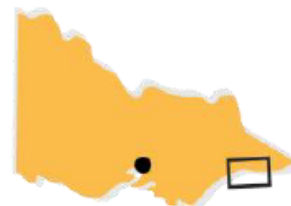
The results from the Eolus 1 and Windom 1 wells will be compiled with previous well results in a reservoir study and will be analysed by the Goondi / Icon Energy joint venture partners.

Well completion techniques will be evaluated to determine the best path forward for the future development of the tenement.



Drilling Windom 1

Victoria – Gippsland Basin - Petroleum Exploration



Location of Icon Energy's Permits PEP 170, 172 and 173 in the Gippsland Basin

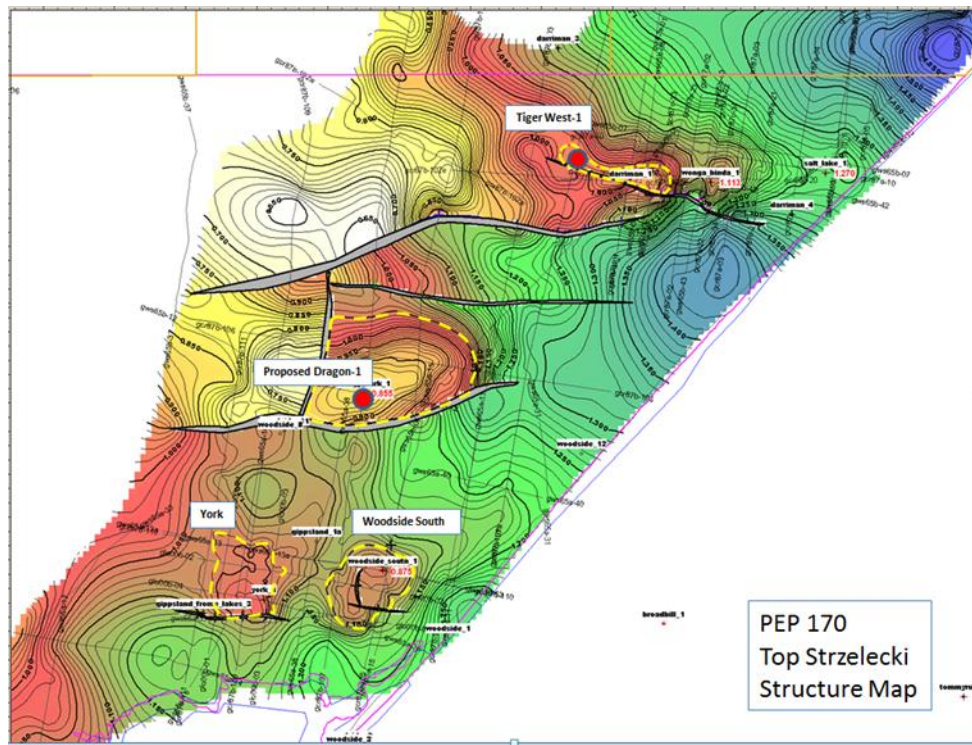
Victoria – Petroleum Exploration – PEP 170

Drilling Program

The onshore Gippsland region is prospective for petroleum and gas in the reservoirs of the Top Latrobe Formations and the Strzelecki Group. Demand for natural gas is expected to grow in the long-term because of its environmental benefits and lower greenhouse gas emissions when used as a fuel in power generation.

Icon Energy's proposed drilling of the Tiger West 1 and Dragon 1 well prospects has the potential to address more than 1 TCF of gas-in-place. The Company continues to progress the technical requirements for the Tiger West 1 and Dragon 1 drilling operations for natural gas.

The Company continued discussions with the Department of Primary Industries (**DPI**) during the quarter in order to gain approval for the PEP 170 Drilling Operations Plan, as is required under the Petroleum Act 1998 (Vic). The Company has actively engaged with local landowners and the community in general over its proposed operations and compensation agreements have been executed with landowners for the Dragon 1 and Tiger West 1 wells.



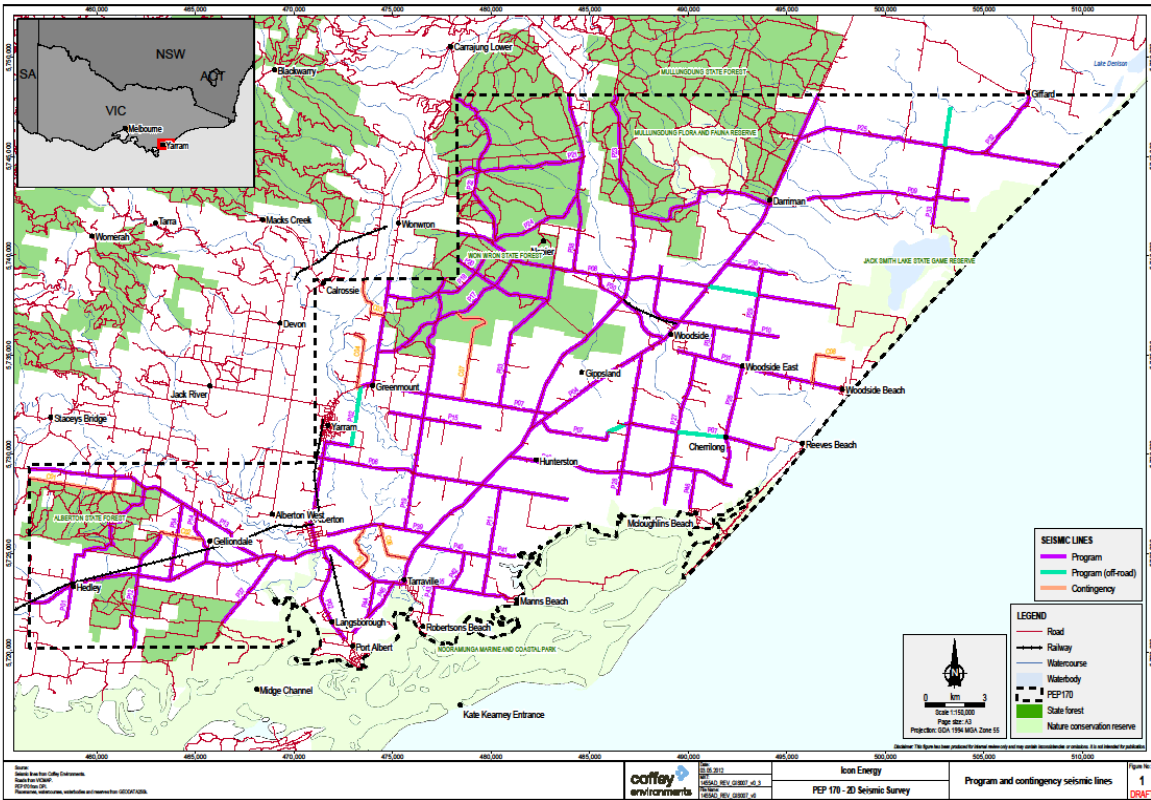
The map above of PEP 170 delineates the proposed well locations, Tiger West 1 and Dragon1.

Icon Energy has submitted the Drilling Operations Plan (**Drilling OP**) and Environmental Management Plan (**Drilling EMP**) and is finalising the remaining requirements to facilitate DPI approval and enable Icon Energy to commence drilling operations.

Seismic Program

The Murray Seismic Program will be conducted in tenement PEP 170 and consists of 46 lines totalling approximately 400 km. The seismic lines are predominantly on major roads, however, a minority of the lines, totalling approximately 28km will cross freehold land.

Access and Compensation Agreements have been prepared for approximately 13 properties which will be covered by the seismic program. Following discussions between the Company and landholders in June 2012, the majority of the Access and Compensation Agreements have been executed. Discussions are continuing with landowners to progress the outstanding access and compensation agreements.



PEP 170: The proposed Murray Seismic

PEP 170 will not require the conclusion of an Indigenous Land Use Agreement (*ILUA*) prior to the commencement of the drilling program or the Murray Seismic Survey as work will be conducted on road reserves and freehold land.



Terrex Seismic Hemi 50 trucks proposed for the 400km 2D Murray Seismic Survey in PEP 170

The Murray Seismic Operations Plan (*Seismic OP*) and Environmental Management Plan (*Seismic EMP*) have been submitted for DPI approval which is expected to be forthcoming shortly.

Victoria – Petroleum Exploration – PEP 172 and PEP 173

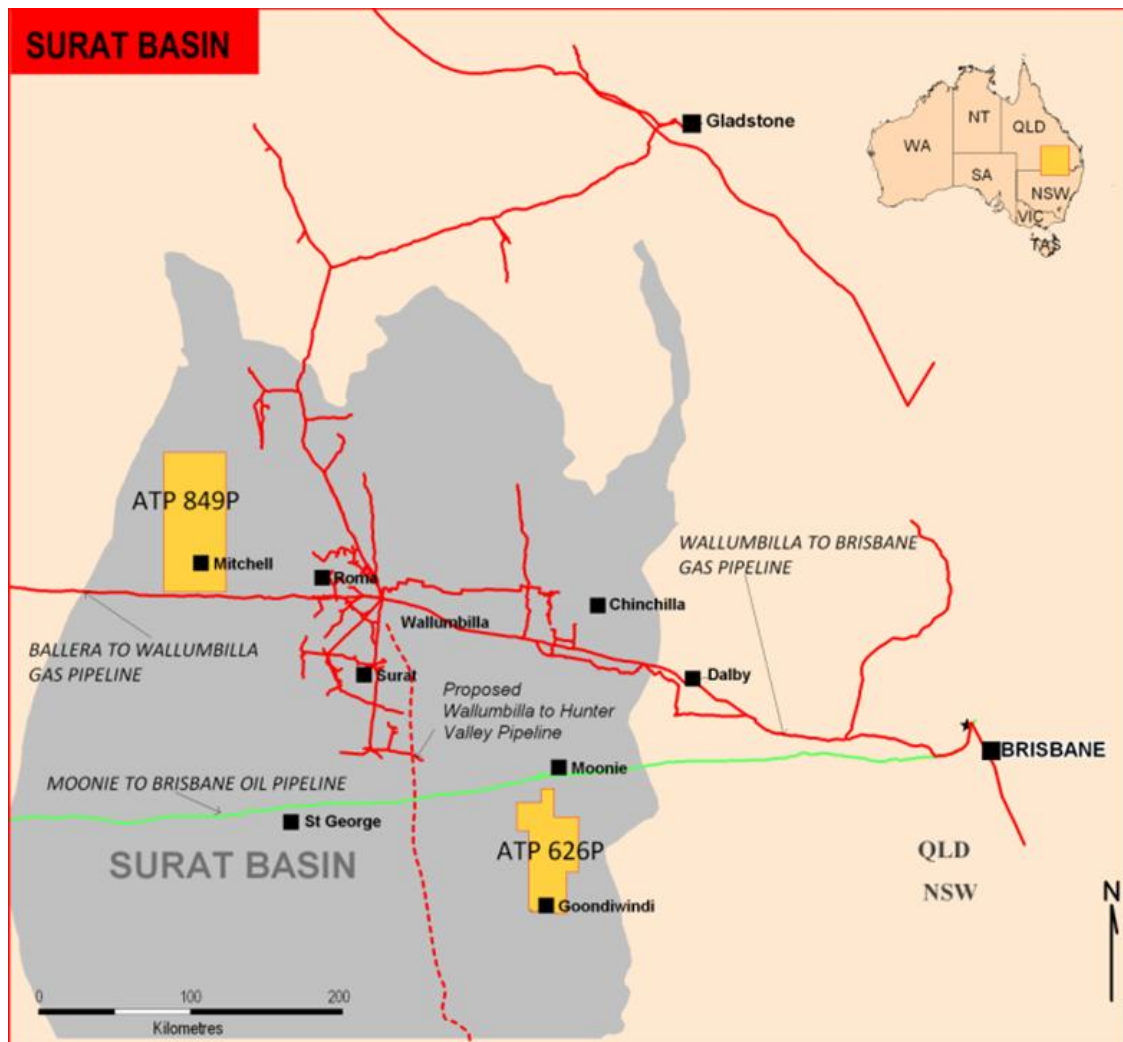
In August 2011, the DPI offered to grant Icon Energy Petroleum Exploration Permit 172 (**PEP 172**) in the Gippsland Basin in Victoria subject to the successful negotiation of an Indigenous Land Use Agreement (**ILUA**). In December 2011, the DPI offered to grant Icon Energy Petroleum Exploration Permit 173 (**PEP 173**) also in the Gippsland Basin subject to the Company completing an ILUA with the traditional owners, the Gunaikurnai People.

Subsequent to the end of this quarter, Icon Energy progressed its engagement with the Gunaikurnai traditional owners towards completion of an ILUA. The ILUA is intended cover the Company's three tenements in the Gippsland including PEP 170, PEP 172 and PEP 173.

On 30 May 2012, a Section 29 Notice was published regarding small parcels of land in PEP 172 and PEP 173. The notification period for the traditional custodians of these separate parcels will close at the end of August 2012.

Icon Energy Other tenements

Queensland – Surat Basin – Other tenements

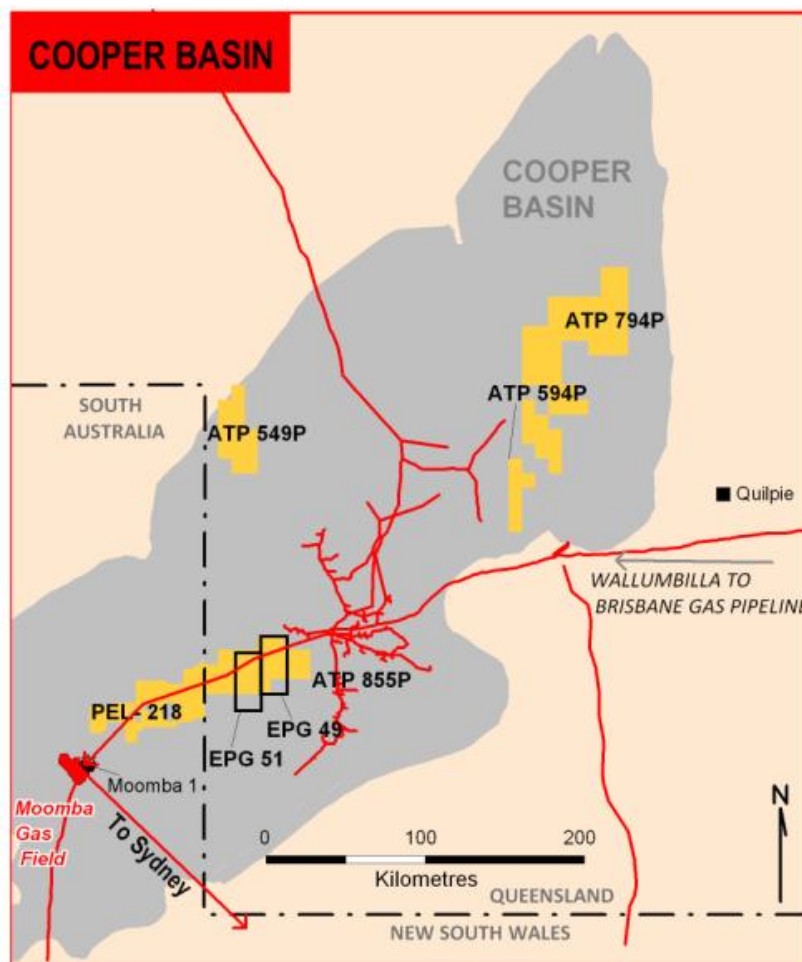


Icon Energy's Permits in the Surat Basin

ATP849P is located in the Surat Basin, to the west of Roma. The township of Mitchell is located in the southern region of the tenement. ATP849 covers an area of 3,854km² and is prospective for coal seam gas. The Lacerta Coal Seam Gas Field is located to the west of ATP849P.

The ATP 849P joint venture consisting of Icon Energy and Adelaide Energy Limited (a wholly owned subsidiary of Beach Energy), have approved the 200 kilometre seismic program in ATP 849P. The seismic survey has been placed on hold, with the Company continuing to focus its Surat Basin operations in ATP 626P.

Queensland - Petroleum Exploration – Cooper Basin - Other tenements



Icon Energy's Permits in the Cooper Basin

ATP 549P (West) is located in the Cooper Basin in Queensland and lies to the north of the Cook Oil Field. Icon Energy holds a 33.33% working interest in the West block of the tenement. Great Artesian Oil and Gas Pty Ltd (GOAG), a wholly owned subsidiary of Drillsearch Energy Limited (Drillsearch) holds a 66.66% interest in the permit. GOAG is the Operator of ATP 549P (West). No operations have been undertaken in the tenement during this quarter.

ATP 794P is located north west of the town of Quilpie and is situated directly north of ATP 594P.

Icon Energy holds interests in three (3) blocks within the tenement, Brightspot, Springfield and Regleigh. Senex is the Operator of tenement ATP 794. The Company is evaluating the strategic value and future opportunities for this acreage.

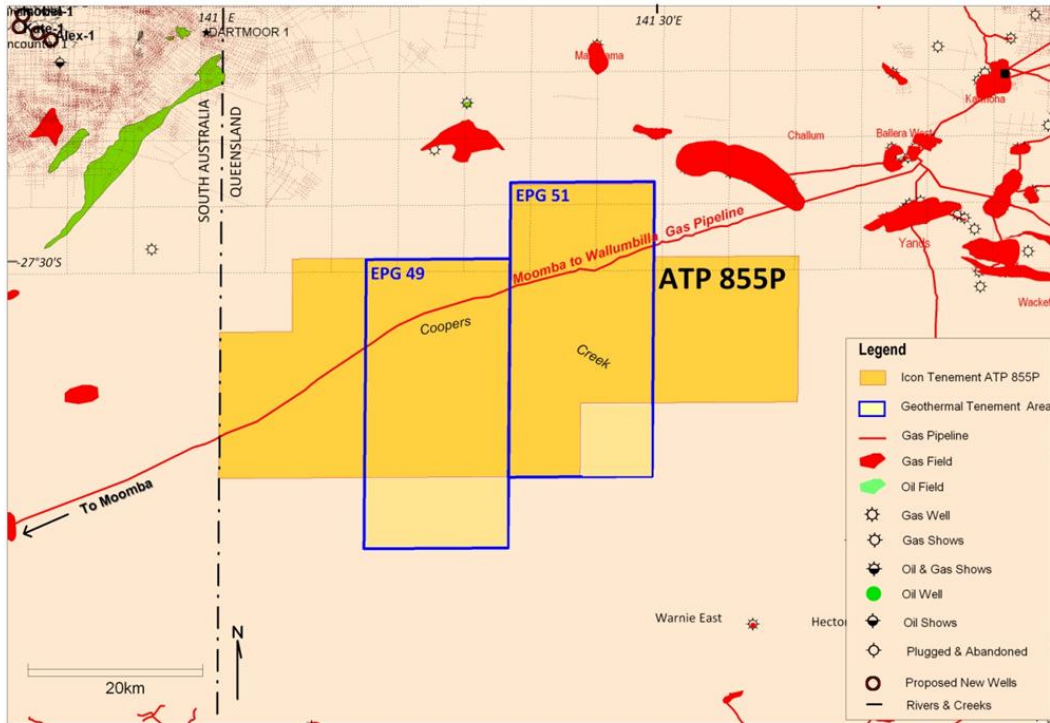
ATP 594P is located near the township of Quilpie. The tenement covers three (3) separate areas consisting of a total area of 1,538 km².

Icon Energy has a 50% working interest in ATP 594P and is the Operator. The Australian Securities and Investments Commission holds the other 50% interest. No operational activity is forecast for this tenement at present.

Queensland – Geothermal Exploration – EPG 49 and EPG 51

Icon Energy has 100% interest in EPG 49 and EPG 51 and is the Operator of these tenements. These geothermal permits lie beneath ATP 855P and adjacent to PEL 218. The Company is concentrating on the shale gas prospects and the geothermal project is targeted for development in the longer term. No further activity has been undertaken in relation to these tenements during this quarter.

The location of EPG 49 and EPG 51 which underlie ATP 855P are delineated on the map below.



South Australia – Petroleum Exploration – PEL 218

Just across the Queensland / South Australian border from ATP 855P is the South Australian permit PEL 218. Icon Energy holds a 33.33% interest in the shallow, Post-Permian, portion of PEL 218 (Post Permian Section) and Beach is the Operator for the deep Permian levels of PEL 218.

No further activity has been undertaken in relation to the Post Permian section in this quarter.

Financial

Cash position

The Company ended the quarter with a cash position of \$9,411,000.

Shareholder base

As at 30 June 2012 Icon Energy had 469,301,394 shares on issue and 7,384 shareholders.

Planned forward program next quarter

ATP 855P

- Beach and Icon Energy are scheduled to spud an unconventional gas well (Halifax 1) in the Cooper Basin in early August 2012.

ATP 626P

- The Joint Venture will review the prospectivity of the resource prior to progressing future work plans.

PEP 170

- Icon Energy will finalise and submit the Operation Plans and Environmental Management Plans for final approval for the drilling of Dragon 1 and Tiger West 1 and the 400km Murray Seismic Acquisition Program in PEP 170 in Victoria.

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