

27 October 2014

Company Announcements Office  
Australian Securities Exchange Limited  
20 Bridge Street  
Sydney NSW 2000

### Lodgement of Quarterly Report

Please find **attached** copy of Icon Energy Limited's Quarterly Report and Appendix 5B for the quarter ended 30 September 2014.



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Company Secretary

Icon Energy Limited

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# QUARTERLY REPORT

Period Ending 30 September 2014  
Icon Energy Limited  
ABN 61 058 454 569



## Operations

### ATP 855

(Beach Energy Ltd 46.9% and Operator, Chevron Australia Exploration 1 Pty Ltd 18%, Icon Energy Limited 35.1%)

- The 2014 multi-well stimulation campaign of the wells in ATP 855 commenced in September 2014. The campaign involves hydraulic stimulation and extended flow testing of specific formations in the Geoffrey-1, Redland-1, Hervey-1 and ETTY-1 wells in the Nappamerri Trough of the Cooper Basin.
- On 15 September, the Hervey-1 well, was the first well to commence the hydraulic stimulation program. The program was completed at Hervey-1, subsequent to the period end on 11 October with flow testing expected to commence in late October.

## Corporate

Icon Energy lodged a Research and Development (R&D) claim for the full year ended 30 June 2013 in April 2014 and payment of \$7,492,356 was received in July 2014. The Company is currently in the process of preparing another R&D claim for the full year ended 30 June 2014. This claim will cover activities carried out in one project area, ATP 855 in the Nappamerri Trough, Cooper Basin in south west Queensland. The overall technical objective of this project is to develop new methods and techniques that enable gas to be extracted efficiently from the deep Nappamerri Trough.

## Financial Position at the end of September 2014 Quarter

The total cash balance at the end of the September 2014 quarter was \$21.107 million.

At 30 September 2014 Icon Energy had 7,032 shareholders.

# OPERATIONS

## Queensland – Petroleum Exploration – Cooper Basin – ATP 855 (Beach Energy Operator)

The 2014 multi-well stimulation campaign of the wells including Hervey-1, Geoffrey-1, Redland-1 and Ety-1 commenced on 15 September 2014. Key target reservoirs have been identified for specific zone fracture stimulation and flow tests. These tests are aimed at gathering information on the contribution from individual target zones, which will represent only a proportion of each well's capability.

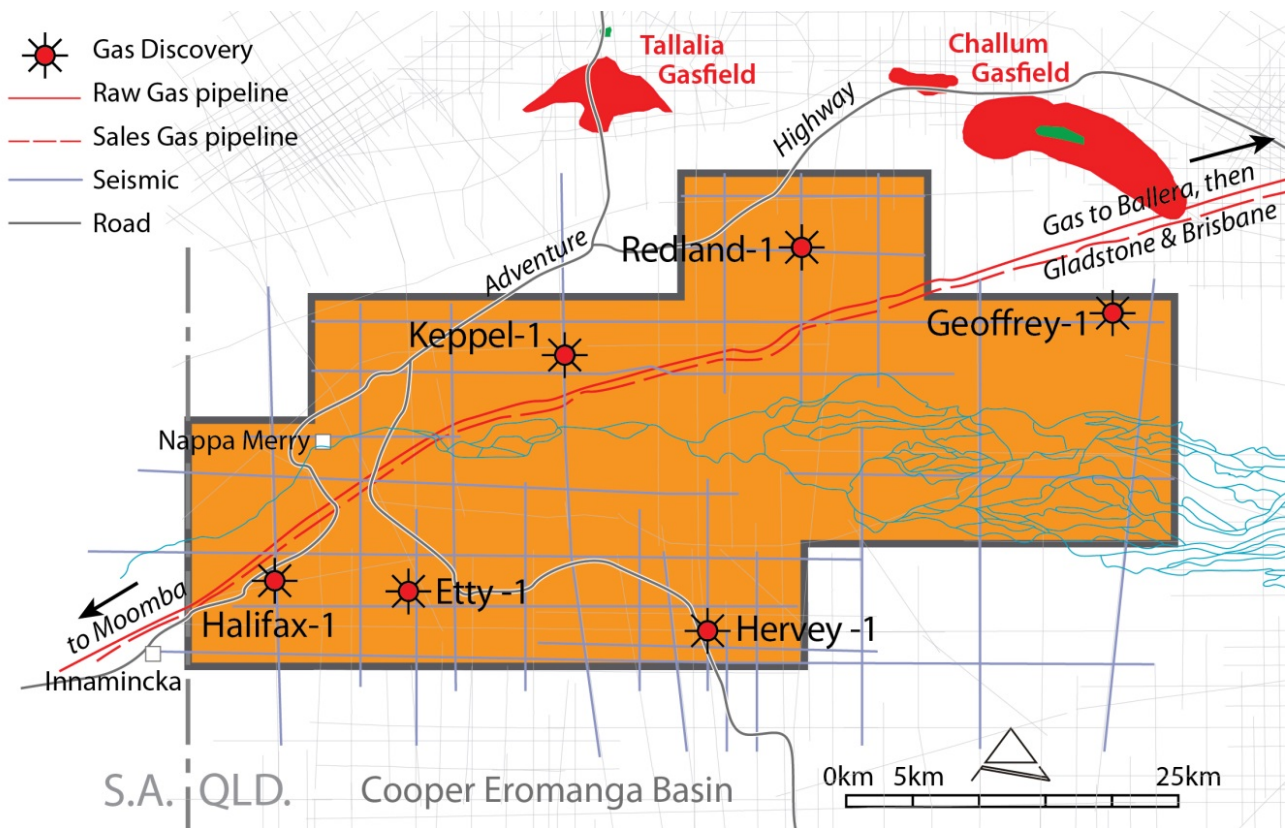
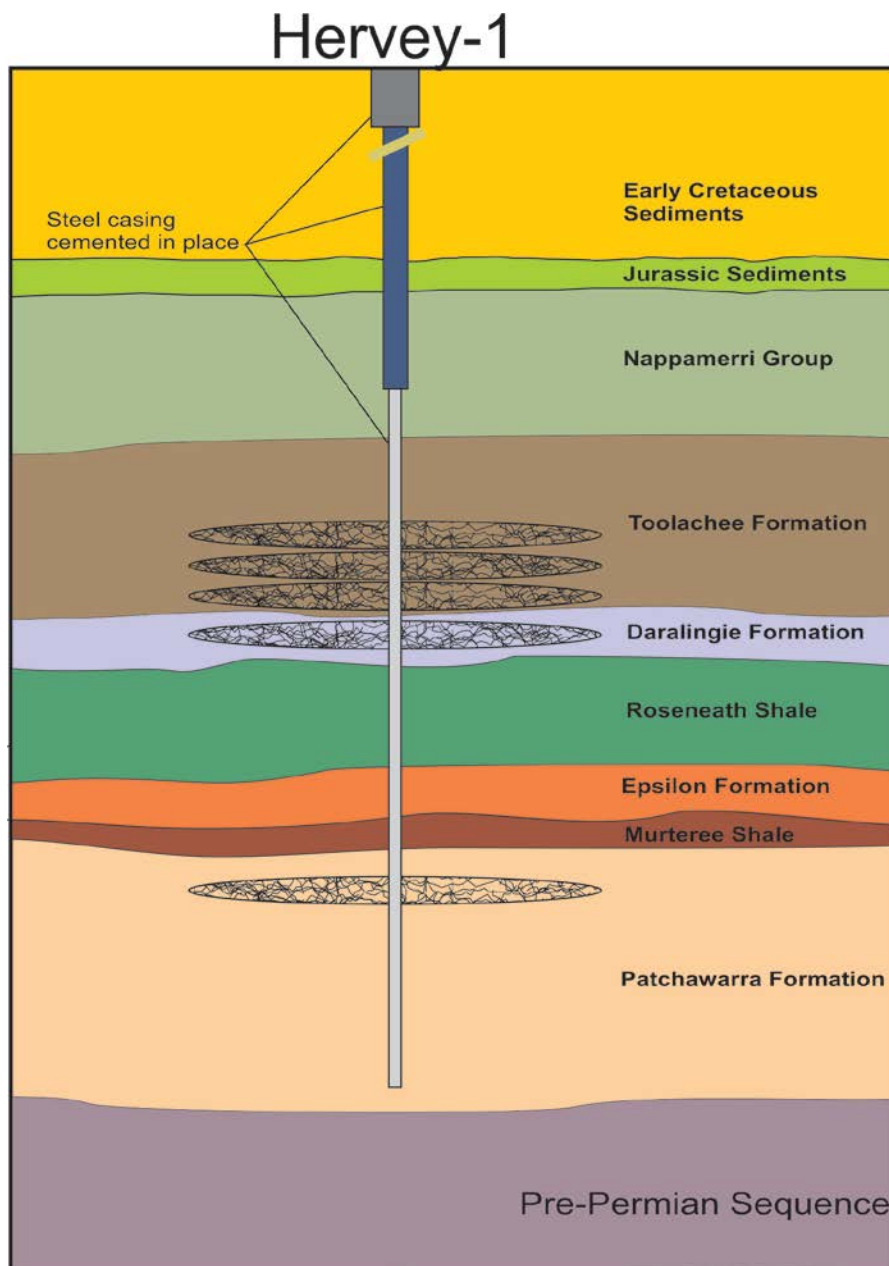


Figure 1: ATP 855 Location map showing main gas pipelines and well locations

All wells drilled within ATP 855 to date, Halifax-1, Hervey-1, Keppel-1, Geoffrey-1, Redland-1 and Ety-1, have exhibited good gas shows and confirmed the continuation of the basin-centred gas play in the Nappamerri Trough, in Queensland, with ATP 855 containing the deepest sections of the Trough.

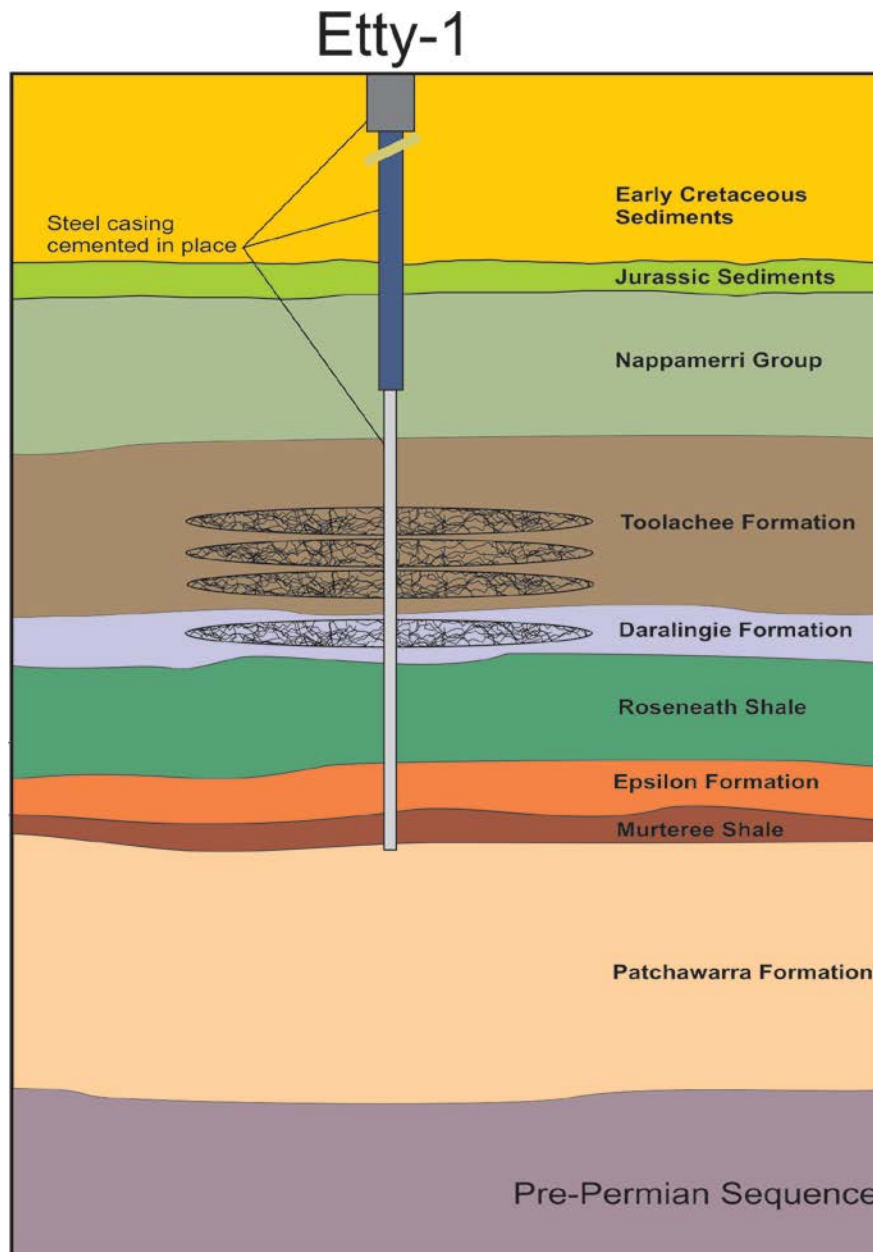
The Joint Venture commenced the fracture stimulation program of four wells using Condor Energy Services Ltd on 15 September 2014. The first well, Hervey-1, was fracture stimulated over five stages, one in the Patchawarra Formation, one in the Daralingie Formation and three in the Toolachee Formation.



**Figure 3:** Diagram of Hervey-1 showing the target zones proposed for fracture stimulation and then flow testing

On 13 October 2014 the Hydraulic Stimulation program at Hervey-1 was completed with flow testing expected to take place in late October 2014.

Subsequent to the period end the Etty-1 well was fracture stimulated over four zones commencing on 11 October 2014, one in the Daralingie Formation and three in the Toolachee Formation. Flow testing is expected to commence in late October 2014.



**Figure 4:** Diagram of Etty-1 showing the four zones in the Toolachee and Daralingie Formation proposed for fracture

The remaining wells to be fracture stimulated in the program are Redland-1 and Geoffrey-1.

## Queensland – Petroleum Exploration – Cooper Basin – ATP 594 (Icon Energy Operator)

ATP 594 is located approximately 140 km to the west of the town of Quilpie in the Cooper-Eromanga Basin. The tenement covers three separate areas consisting of a total area of 1,538 km<sup>2</sup>.

In September 2014 the Department of Natural Resources and Mines (DNRM) transferred the outstanding 50% interest in the tenement from former joint owner Triple J Resources to Icon Energy following the de-registration of Triple J Resources. The transfer of the interest will enable Icon Energy to work in the permit once the Company completes a Right to Negotiate Agreement (RTN) with the Boonthamurra Registered applicants.

The areas immediately adjacent to ATP 594, are resource rich in oil and gas. Several gas fields are located to the west of ATP 594 including the Bunya gas field. There are several oil fields located to the south-east of the tenement, including the Kenmore and Bodalla South oil fields.

Several wells have been drilled around the permit, mainly targeting conventional oil and gas since 1980 with some hydrocarbon shows intersected. Icon is currently reviewing the available data on ATP 594.

ATP 594 is positioned on the eastern flank of the Cooper Basin and is of particular interest to Icon and the Company plans to conduct a seismic and drilling program following the completion of RTN negotiations with the Native Title applicants.

## Queensland – Petroleum Exploration – Surat Basin – ATP 626 (Icon Energy Operator)

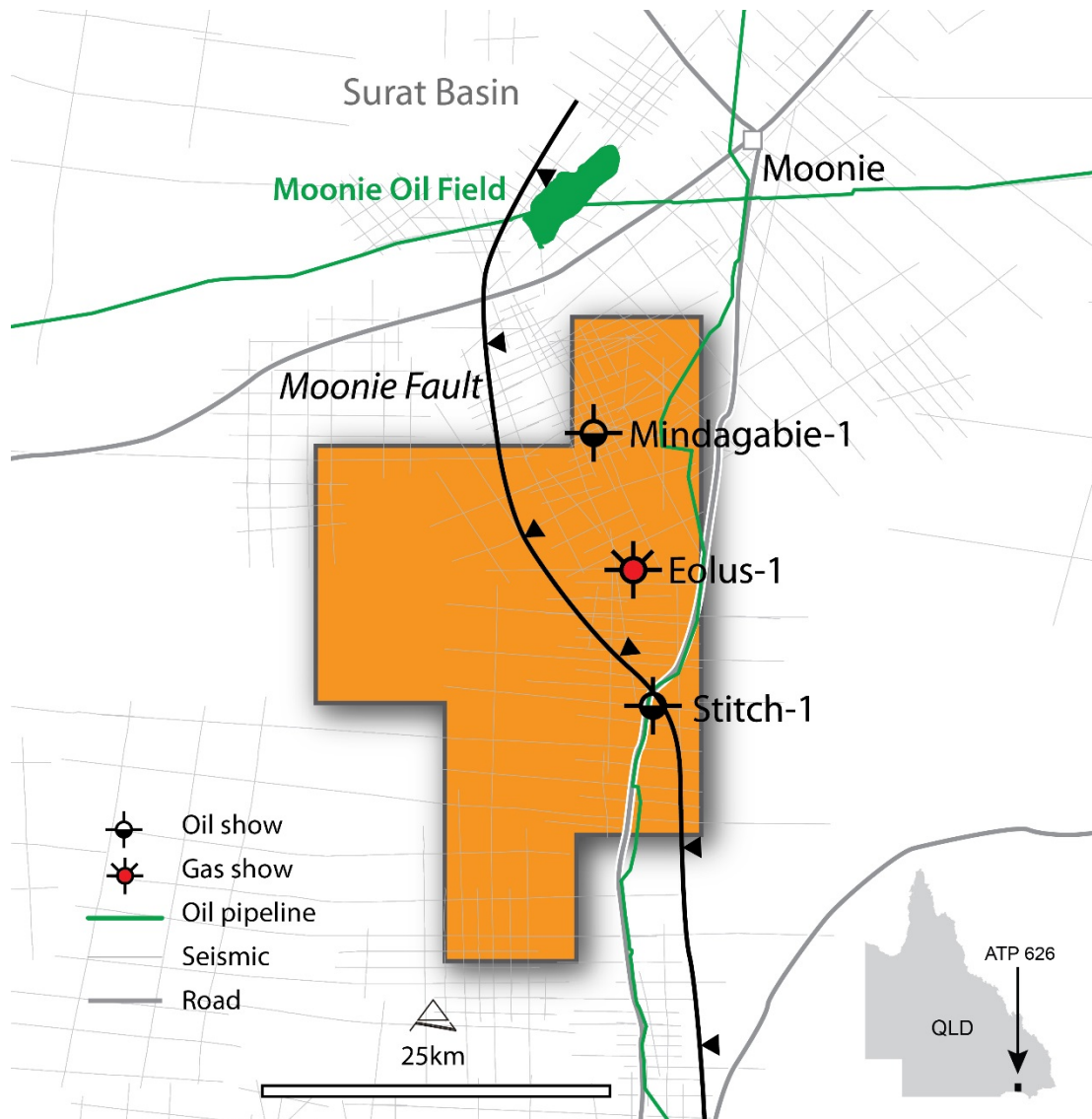


Figure 5: Map showing the blocks retained in ATP 626 in the Surat Basin, Queensland

Following a strategic review of ATP 626, Icon relinquished 20 sub-blocks or two-thirds of ATP 626 in the southern portion of the tenement and lodged a Partial Relinquishment Report with DNRM on 27 June 2014. After an extensive two stage program and comprehensive independent research, the Company announced that the Coal Seam Gas play has proved to be sub-commercial in ATP 626.

The Rehabilitation Program covering the plugging, abandonment and rehabilitation of former ATP 626 Joint Venture wells was completed by October 2014 and a Rehabilitation Report for the relinquished area was lodged with the Department of Heritage and Protection (**DEHP**) on 10 September 2014. The remaining wells in the tenement are Eolus-1, Mindagabie-1 and Stitch-1, which are currently suspended. The Later Work Program for ATP 626 was approved on 18 August 2014.

# ICON ENERGY TENEMENTS

QUARTERLY REPORT  
Period ending 30 September 2014

Basin / Area	Permit / Area	Tenement Area	Permit Interest	Operator	Prospect Type
<b>Cooper Basin, Nappamerri Trough</b>	ATP 855	1,674 km <sup>2</sup>	35.1%	Beach Energy	Shale Gas, Oil
<b>Cooper Basin Nappamerri Trough</b>	PRLs 33- 49*	1,602 km <sup>2</sup>	33.33%	Beach Energy	Oil
<b>Cooper - Eromanga Basin</b>	ATP 594	1,538 km <sup>2</sup>	100%	Icon Energy	Natural Gas, Oil
<b>Cooper - Eromanga Basin</b>	ATP 549 West	445 km <sup>2</sup>	33.33%	Drillsearch	Natural Gas, Oil
<b>Cooper - Eromanga Basin</b>	ATP 794				
	- Regleigh Block	674 km <sup>2</sup>	60%	Icon Energy	Shale Gas, Oil
	- Springfield Block	1,505 km <sup>2</sup>	60%	Icon Energy	Shale Gas, Oil
<b>Gippsland Basin</b>	PEP 170	808 km <sup>2</sup>	100%	Icon Energy	Natural Gas, Oil
<b>Gippsland Basin</b>	PEP 172**	1,312 km <sup>2</sup> **	100%	Icon Energy	Natural Gas
<b>Gippsland Basin</b>	PEP 173**	1,220 km <sup>2</sup> **	100%	Icon Energy	Natural Gas
<b>Surat Basin</b>	ATP 626P	741 km <sup>2</sup>	100%	Icon Energy	Shale Gas, Oil

\* Formerly PEL 218 (Post Permian Section)

\*\* Permit to be granted

**Figure 6:** Table showing all Icon Energy's tenements

## FURTHER INFORMATION

For further information please contact:

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**Icon Energy Limited (ASX: ICN)**, is a petroleum exploration Company with a portfolio of prime acreage in the Surat, Cooper, Eromanga and Gippsland Basins in Australia.

The Company's exploration strategy focuses on building significant and responsible operations with strategic partners to satisfy energy needs of Australian and overseas based consumers.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Icon Energy Limited

ABN

61 058 454 569

Quarter ended ("current quarter")

30 September 2014

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months ) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(3,427)	(3,427)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	68	68
1.5 Interest and other costs of finance paid	0	0
1.6 Income taxes paid	7,492	7,492
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>1,522</b>	<b>1,522</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(20)	(20)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	0	0
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	<b>(20)</b>	<b>(20)</b>
1.13 Total operating and investing cash flows (carried forward)	1,502	1,502

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	1,502	1,502
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	0	0
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	0	0
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	0	0
<b>Net increase (decrease) in cash held</b>			
		1,502	1,502
1.20	Cash at beginning of quarter/year to date	19,605	19,605
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	21,107	21,107

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	500
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

N/A

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	0	0
3.2 Credit standby arrangements	300	0

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	5,900
4.2 Development	Nil
4.3 Production	Nil
4.4 Administration	2,235
<b>Total</b>	<b>8,135</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	9,107	7,605
5.2 Deposits at call	Nil	Nil
5.3 Bank overdraft	Nil	Nil
5.4 Other – bank term deposits	12,000	12,000
<b>Total: cash at end of quarter</b> (item 1.22)	<b>21,107</b>	<b>19,605</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased	ATP594 Authority to Prospect 594 (Petroleum Exploration)	50%	100%

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	615,774,351	615,774,351		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.


**Appendix 5B**  
**Mining exploration entity quarterly report**

7.7	<b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	<b>Unlisted Performance Rights</b> (performance rights issued pursuant to Long Term Incentive (LTI) and Short Term Incentive (STI) offers under the Employee Performance Rights Plan)				
	2012 LTI Issued 14.12.2012	2,705,497	Nil	Nil	30 June 2017
	2013 LTI Issued 4.03.2014	4,494,537	Nil	Nil	30 June 2018
	2013 STI Issued 4.03.2014	<u>2,943,152</u>	Nil	Nil	30 June 2016
	<b>Total</b>	<b>10,143,186</b>			
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 20 October 2014  
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(Executive Director / CFO)

Print name: Dr Kevin Jih

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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