

HIGHLIGHTS

Operations

ATP 855

- On 28 August 2017, Icon announced that the Department of Natural Resources and Mines (**DNRM**) had declared Potential Commercial Areas (**PCAs**) over the entire ATP 855 permit.

ATP 594

- Interpretation of the data from the 293 km² Harrier 3D Seismic Survey has identified prospects within ATP 594.
- Icon is currently in discussions with potential farmin partners to develop the tenement.

Financial Position at the end of September 2017 Quarter

- As at 31 December 2017, Icon Energy had a cash balance of \$7.13 million.
- As at 31 December 2017 Icon Energy's issued capital was 597,556,938 ordinary shares.
- The total number of Icon Energy shareholders, as at 15 January 2018 was 5,546.

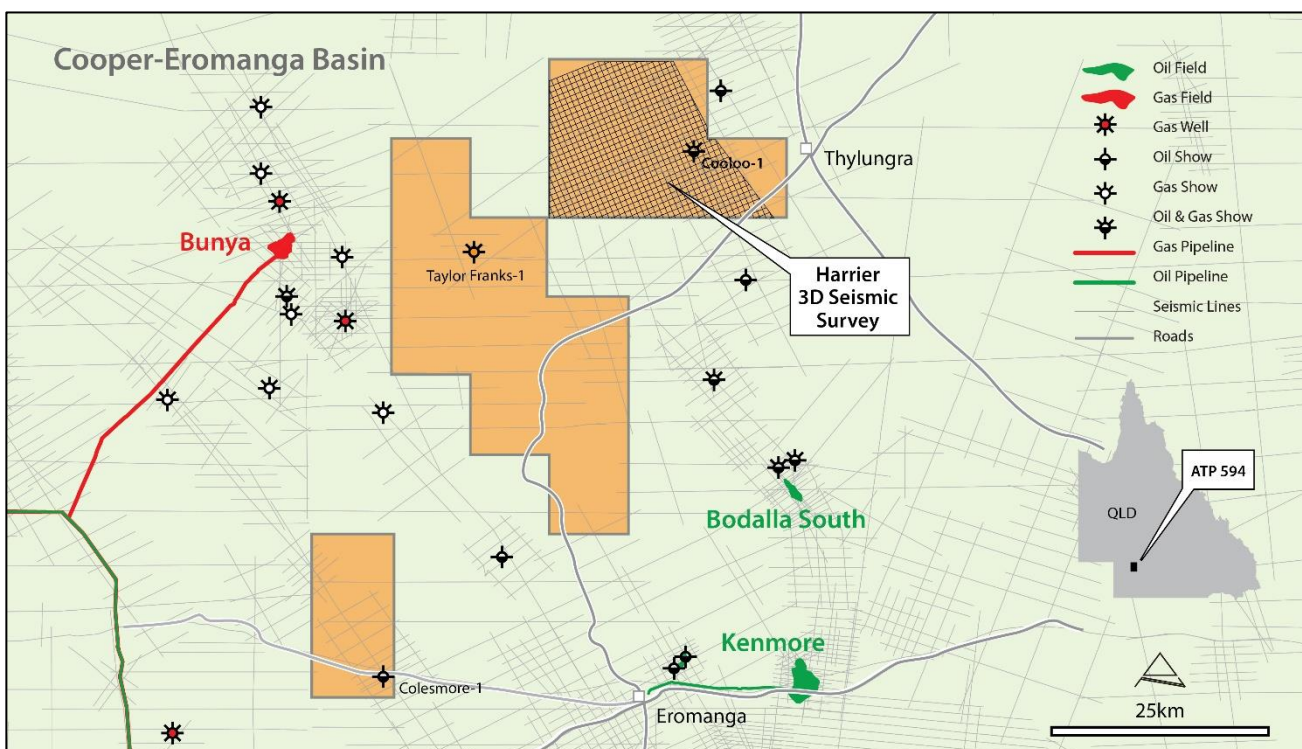
OPERATIONS

Queensland – Petroleum Exploration – Cooper-Eromanga Basin ATP 594

ATP 594 is located on the eastern flank of the Cooper-Eromanga Basin, approximately 140 km west of Quilpie. The areas immediately adjacent to ATP 594 are resource rich in oil and gas. As shown in the map below, the Kenmore and Bodalla South Oil Fields are within close proximity to the permit.

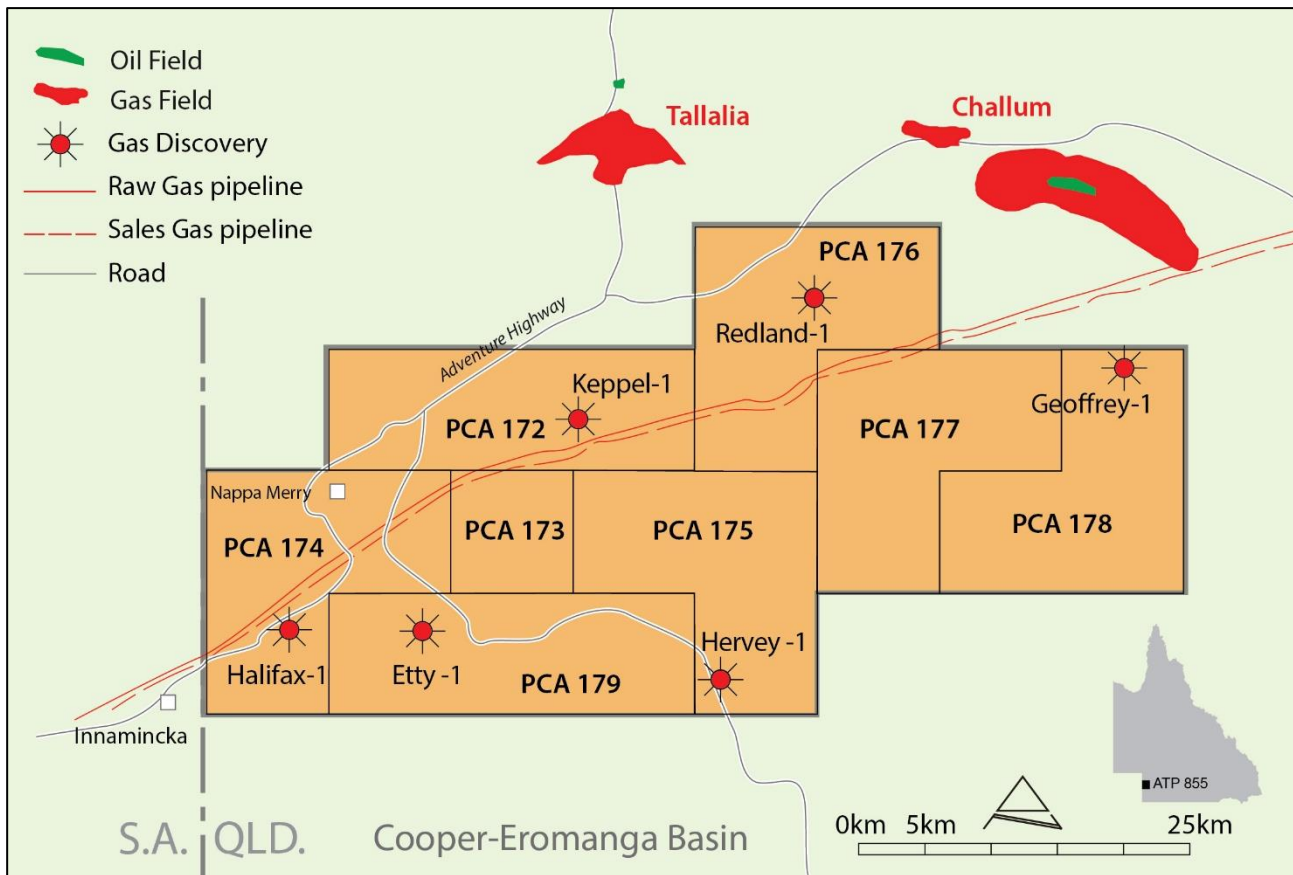
Interpretation of the data from the 293 km² Harrier 3D Seismic Survey have identified prospects within the northern block of ATP 594. Icon is currently in discussions with potential farmin partners.

Icon is the Operator of ATP 594 and has a 100% working interest in the tenement.



Map showing the location of ATP 594 and the Harrier 3D Seismic Survey, in the Cooper-Eromanga Basin, Queensland

Queensland – Petroleum Exploration – Cooper-Eromanga Basin ATP 855



Map showing the location of ATP 855 and the PCA locations in the Cooper-Eromanga Basin, Queensland

ATP 855 is located in the Cooper-Eromanga Basin in southwest Queensland where infrastructure facilities are well developed. As shown in the map above, two gas pipelines run through the tenement, which carry gas to eastern gas markets in Australia and potentially to the LNG terminal at Gladstone for export.

On 28 August 2017, Icon announced that DNRM had declared Potential Commercial Areas (**PCAs**) over the entire ATP 855 permit in a letter which Icon received on the afternoon of 25 August 2017. The PCAs, numbered PCA 172 to 179, are for a period of 15 years and are designed to enable Icon the opportunity to retain the entire interest in and ultimately develop the discovery.

Each PCA application included a Commercial Viability Report that reflected Icon's belief that the area is likely to be commercial within 15 years, and an Evaluation Program, that outlines the strategy Icon will adopt to appraise and develop the resource.

A significant natural gas resource was identified in the Stage 1 exploration program, which is currently classified as a contingent gas resource. Icon's gas resources, in ATP 855, as determined by DeGolyer and MacNaughton, are now 28.5 (P50) Trillion Cubic Feet (**Tcf**)¹ of Unconventional Prospective Raw Natural Gas over the whole permit and 1.57 Tcf² of 2C Contingent Resources determined within defined areas surrounding the five wells already tested.

A Stage 2 exploration program will be designed specifically to address outstanding technical questions and determine the commercial viability of the gas resource. Preparations and planning for the next phase of technical work and field activities continues.

Icon continues to monitor ATP 855 and maintains regular six weekly inspections on the existing wells in the permit. On 1 November 2017, Department of Environment and Heritage Protection (**DEHP**) approved Icon's annual review of the Underground Water Impact Report Nappamerri Trough Natural Gas ATP 855.

The Company is seeking domestic and international funding for the appraisal and development program for ATP 855. Icon Energy has appointed several agents overseas as it continues to seek a new finance investment partner to participate in the area.

Icon has a 100% interest in ATP 855.

¹ Icon Energy announced on 19 June 2014, that DeGolyer and MacNaughton, a well-respected and qualified international petroleum reserve and resource evaluation company, estimated that the Unconventional Prospective Raw Natural Gas Resource was 28.5 (P50) Tcf. Unconventional Prospective Resources are defined as those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered unconventional accumulations by application of future development projects. Unconventional Prospective Resources may exist in petroleum accumulations that are pervasive throughout a large potential production area and would not be significantly affected by hydrodynamic influences (also called continuous-type deposits). The estimated quantities of petroleum that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. These Unconventional Prospective Resources are based on probabilistic estimates for each target formation and these have been statistically aggregated.

² Icon Energy announced on 31 December 2014, that DeGolyer and MacNaughton, a well-respected and qualified international petroleum reserve and resource evaluation company, estimated that, the 2C Recoverable Gross Contingent Resource was 1,572 Bcf or 1.57 Tcf. Contingent Resources are those quantities of wet gas (produced gas minus carbon dioxide) that are potentially recoverable from known accumulations but which are not considered to be commercially recoverable due to the need for additional delineation drilling, further validation of deliverability and original hydrocarbon in place (OHIP), and confirmation of prices and development costs. This is based on a statistical aggregation method using Monte Carlo simulation estimates for each formation.

Queensland – Petroleum Exploration – Surat Basin ATP 626

ATP 626 was relinquished in full on 26 July 2017.

The surrender of the Environmental Authority was accepted on 4 December 2017, following the DEHP's acknowledgment that there is no residual risk or ongoing rehabilitation liability on ATP 626.

Victoria - Petroleum Exploration – Gippsland Basin PEP 170 and Applications for PEP 172 and 173

The Victorian Government advised Icon that the *Resources Legislation Amendment (Fracking Ban) Act 2017* came into effect on 16 March 2017. The Act imposes a moratorium on petroleum exploration and petroleum production in the onshore areas of Victoria until 30 June 2020.

On 22 November 2017, the Department of Economic Development, Jobs, Transport and Resources (**DEDJT&R**) wrote to Icon on behalf of the Minister, offering Icon the opportunity to vary the Company's work program in accordance with the Fracking Ban. On 7 December 2017, Icon submitted an amended work program for consideration by the DEDJT&R and applied for an extension of time in which to complete the new proposed program.

Icon Energy has a 100% interest in PEP 170.

ICON ENERGY TENEMENTS

Basin / Area	Permit / Area	Tenement Area	Permit Interest	Operator	Prospect Type
<u>CORE AREAS</u>					
Cooper - Eromanga Basin	ATP 594	1,230 km ²	100%	Icon Energy	Oil Gas
Cooper - Eromanga Basin, Nappamerri Trough	ATP 855	1,679 km ²	100%	Icon Energy	Shale Gas, Basin Centred Gas
<u>OTHER AREAS</u>					
Cooper - Eromanga Basin , Nappamerri Trough	PRLs 33 - 49*	1,601 km ²	33.33%	Beach Energy	Oil
Cooper - Eromanga Basin	ATP 794**				
	- Regleigh Block	674 km ²	60%	Icon Energy	Oil
	- Springfield Block	1,505 km ²	60%	Icon Energy	Oil
Gippsland Basin	PEP 170	804 km ²	100%	Icon Energy	Oil Gas
Gippsland Basin	PEP 172***	1,312 km ²	100%	Icon Energy	Gas
Gippsland Basin	PEP 173***	1,220 km ²	100%	Icon Energy	Gas
Surat Basin	ATP 626****	757 km ²	100%	Icon Energy	Oil Gas

* Formerly PEL 218 (Post Permian Section)

*** Permit to be granted

** Permit expired on 31 October 2017

**** Permit relinquished on 26 July 2017 and EA surrendered on 4 December 2017

Table showing all Icon Energy's tenements

FURTHER INFORMATION

For further information, please contact:

Ray James
Managing Director

Martin Berry
Exploration Manager

Phone +61 7 5554 7111
Email investor.relations@iconenergy.com

Or visit the website www.iconenergy.com

Icon Energy Limited (ASX: ICN), is a petroleum exploration Company with a portfolio of acreage in the Cooper-Eromanga, Surat 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 and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Icon Energy Limited

ABN

61 058 454 569

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(117)	(276)
(b) development		
(c) production		
(d) staff costs	(590)	(1,173)
(e) administration and corporate costs	(758)	(1,226)
1.3 Dividends received (see note 3)		
1.4 Interest received	39	83
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)	2	2
1.9 Net cash from / (used in) operating activities	(1,424)	(2,590)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	67	67
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (Bank Guarantee)		
2.6	Net cash from / (used in) investing activities	67	67

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	0	0

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	8,493	9,659
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,424)	(2,590)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	67	67
4.4	Net cash from / (used in) financing activities (item 3.10 above)	0	0
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	7,136	7,136

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,136	1,493
5.2	Call deposits	6,000	7,000
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,136	8,493

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

353

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

--

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	100
9.2 Development	
9.3 Production	
9.4 Staff costs	550
9.5 Administration and corporate costs	500
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	1,150

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 

(Director/Company Secretary)

Date: 24 January 2018

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.