

Realignment of Joint Venture interests

Icon Energy Limited (**ASX:ICN**, "**Icon**") wish to advise that Chevron Exploration Australia 1 Pty Ltd ("Chevron") will not participate in Stage 2 in ATP 855 in Queensland.

The equity interests in ATP 855 following the Stage 2 decision will be, Icon 35.1% (unchanged) and Beach Energy 64.9% (Operator) (**ASX:BPT**, "**Beach**").

Chevron advised Icon that extensive technical evaluation has confirmed a large gas resource and the potential for further appraisal and development, however, at this time the opportunity does not align strategically with Chevron's global exploration and development portfolio. Stage 1 achieved all the exploration and technical objectives that were set by the Joint Venture partners.

Icon Energy Managing Director, Mr Ray James said, since the decline in oil prices the exploration industry has been operating in a capital constrained environment and I wish to thank Chevron and their unconventional natural gas group for their contribution to the Joint Venture in ATP 855.

"During the past three years the Joint Venture flowed natural gas from four wells, achieved the highest flow rate of 4.5MMSCF/d from a shale gas well (Halifax-1) in the Cooper Basin, has six Petroleum Discoveries in ATP 855 and has identified a significant natural gas resource within the Permian formations of the Nappamerri Trough".

These results have provided Icon with significant sub-surface data and gas flow rates from targeted formations that will be reviewed over the coming months to further refine our Stage 2 objectives. The Stage 2 exploration program is likely to contain 3D seismic surveys to define sweet spots and provide well control for future drilling activities. Once we achieve a successful Stage 2 drilling program, the company envisages that this could lead to a pilot production program.

The exploration expenditure will be modest over the remaining months of the 2014-2015 financial year.

Mr James said, we look forward to working with Beach in developing the 2015-2016 Stage 2 work program and budget.

"As at 31 December 2014, Icon had a cash balance of A\$20.9 million and we are well positioned to meet our administration and exploration expenses going forward", Mr James said.

The Stage 2 work program will contain significant on-going research and development activity and during the year Icon will submit to the Australian Taxation Office, its 2015 Research and Development claim. Should this claim be successful, significant additional funds will contribute to the funding of Stage 2 in ATP 855.

On 27 March 2015, Icon announced DeGolyer and MacNaughton, a leading United States based independent consulting firm focussed on the petroleum industry, had provided a report on the Contingent Resources¹ (as at 31 December 2014) around Halifax-1, Etty-1, Hervey-1, Redland-1 and Geoffrey-1 in ATP 855 of, 1,572Bcf 2C (551.7Bcf Icon share)³. The 2C resources were estimated over an area of between 6,500 acres and 13,000 acres around each of the five wells tested, depending on the particular formation. The total area of the ATP 855 permit is approximately 414,000 acres.

On 19 June 2014, DeGolyer and MacNaughton provided a report on the Unconventional Prospective Resources² (as at 15 June 2014) in ATP 855 of, 21.48Tcf (P90); 28.49Tcf (P50) and 37.74Tcf (P10) over the entire ATP 855 permit. Icon has a 35.1% interest in ATP 855³.

Mr James said, it is my view that the next generation of natural gas supply and an increase in Australia's onshore 2P reserves will come from the Cooper Basin, and most likely, that gas will supply both the domestic and international LNG export markets.

In recent weeks we have seen a further tightening of the domestic gas market in Eastern Australia and this tightening will no doubt focus attention on future east coast natural gas availability and supply especially in New South Wales and Victoria.

Notes

¹ 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.

² Icon announcement dated 19 June 2014. 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.

³ Icon is not aware of any new information or data that materially affects the information included in the ASX Announcements on contingent and prospective resources dated 27 March 2015 and 19 June 2014 and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. Contingent and Prospective Resource estimates are evaluated in accordance with the Petroleum Resources Management System (PRMS) (March 2007).

Joint Venture Interests in ATP 855 following the Stage 2 decision will be:

Icon Energy Limited 35.1%

Beach Energy Limited 64.9% (Operator)

A handwritten signature in black ink, appearing to read "R. James".

Raymond James

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