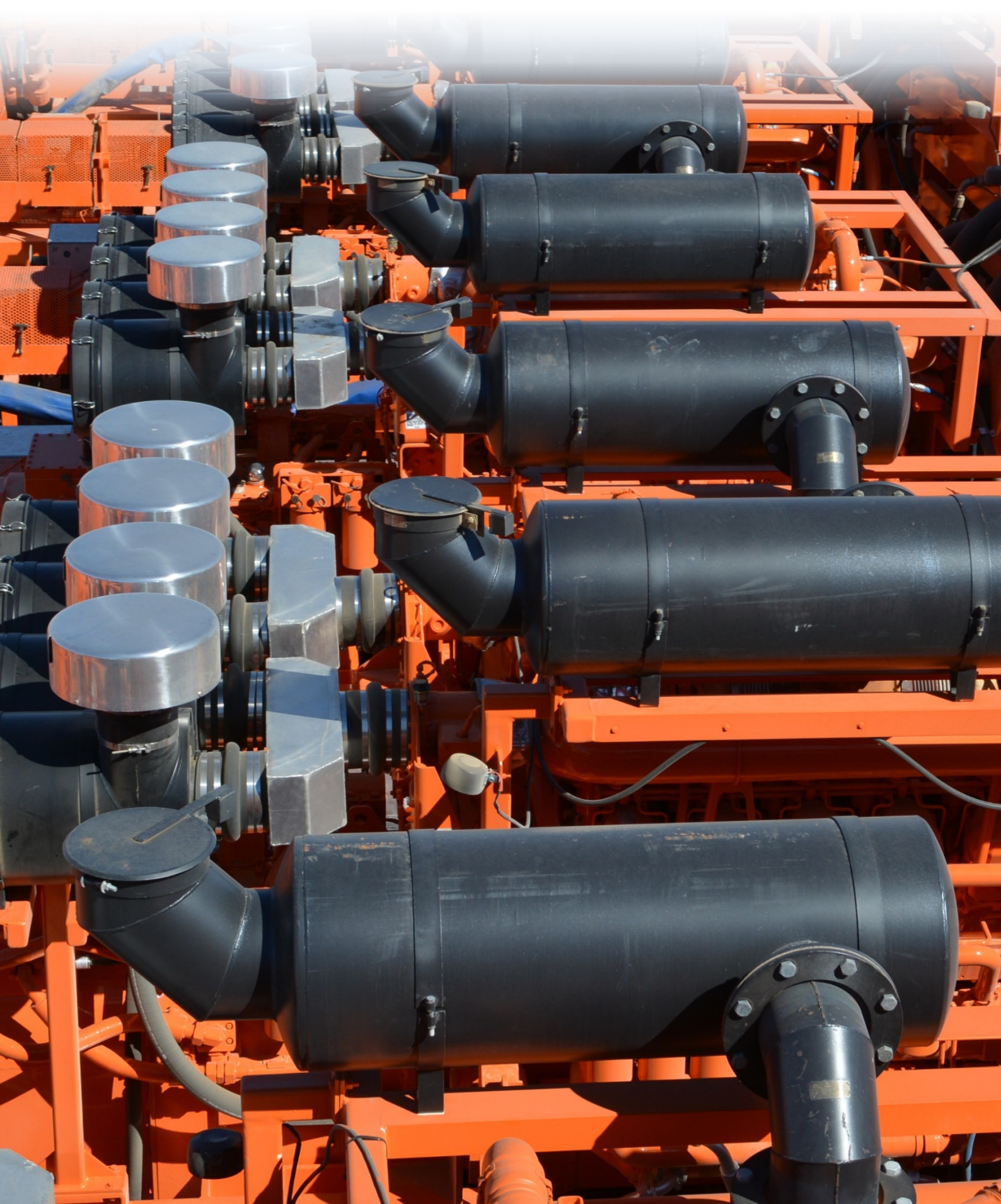




# QUARTERLY REPORT

Period Ending 31 December 2015  
Icon Energy Limited  
ABN 61 058 454 569



## Operations

- Icon Energy is completing preparations for the ATP 594 3D Seismic Survey. The 3D Seismic Survey, focuses on the northerly section of the tenement and is proposed to commence in Q2 2016.
- The Company is awaiting the completion of the Queensland Government Tender for new areas before finalising Icon Energy's 2016 Exploration Program in the Cooper Basin.
- The ATP 855 Joint Venture is currently reviewing the results of the Stage 1 program in order to prepare for the next phase of activity in the permit. This next phase of activity will be designed to further define the resource potential.

## Corporate

- At the end of 2015, the total number of shares purchased under the Company's Buy-back reached 16,393,022 for a total cost of \$977,900. These shares have been cancelled as per the ASX listing rules.

## Financial Position at the end of June 2015 Quarter

- As at 31 December 2015 Icon Energy had a cash balance of \$18.68 million.
- As at 31 December 2015 Icon Energy had 602,324,481 ordinary shares on issue and 6,250 shareholders.



## OPERATIONS

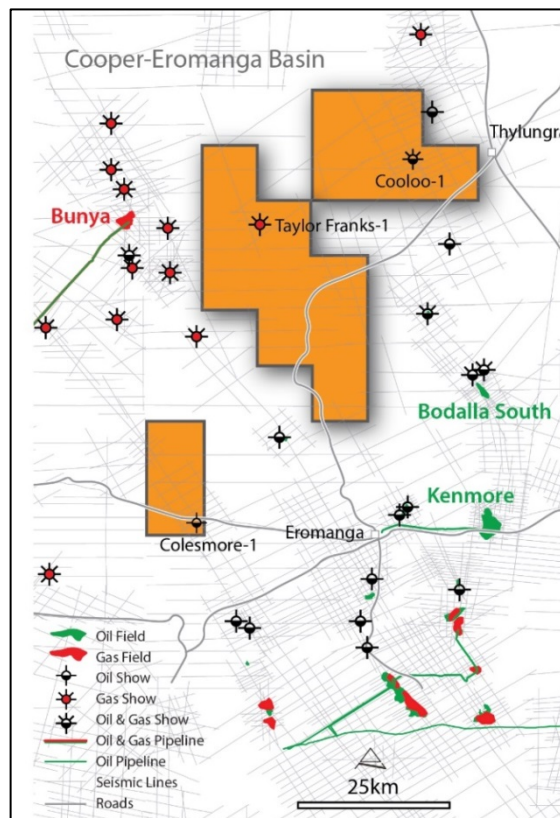
### Queensland – Petroleum Exploration – Cooper-Eromanga Basin ATP 594

ATP 594 is well positioned on the eastern flank of the Cooper Basin and is currently in Year 1 of the first 4 year period following its renewal in April 2015. ATP 594 is considered to be prospective for hydrocarbons following a recent technical evaluation by Energeo consultants. However, the permit is underexplored with limited seismic data and only three exploration wells.

The technical evaluation has helped to focus future exploration activity, beginning with 3D seismic acquisition. Preparations continue towards acquiring a 3D seismic survey in the permit to enable accurate structural definition of the sub-surface.

Landholder Conduct and Compensation Agreements are currently being finalised through the Landholders' legal representatives, in preparation for access to the land to carry out field operations. An expected start date for the 3D Seismic Survey is now likely to be in Q2 2016 subject to availability of a seismic crew.

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



Map showing the location of ATP 594 and adjacent oil and gas fields.

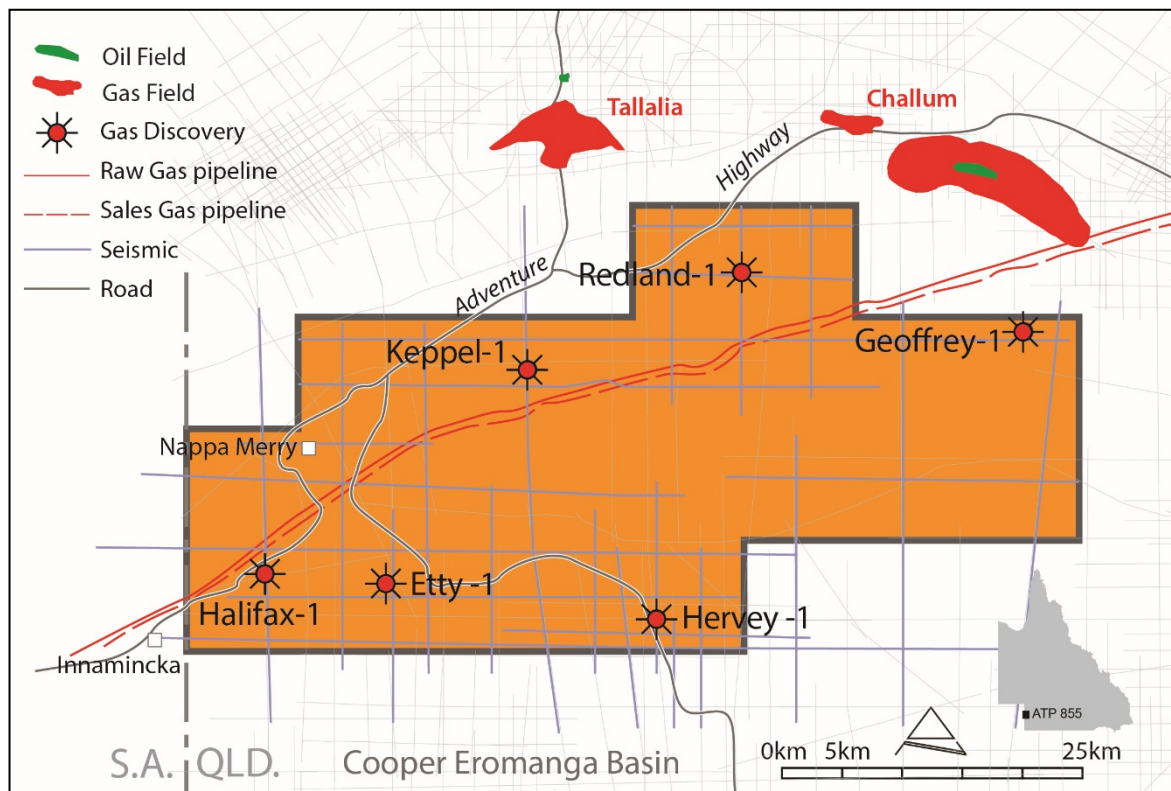
## Queensland – Petroleum Exploration – Cooper-Eromanga Basin ATP 855

The Joint Venture is conducting a minimum maintenance program in ATP 855 in 2016 and will prepare a work program for the next phase of activity.

The Stage 1 program in ATP 855 achieved all exploration and technical objectives that were set by the Joint Venture partners. This included flowing natural gas from five wells, achieving the highest flow rate of 4.5 MMscf/d from a shale gas well (Halifax-1) in the Cooper Basin, having six Petroleum Discoveries in ATP 855 and identifying a significant natural gas resource within the Permian Formations of the Nappamerri Trough.

The Joint Venture is currently reviewing the results of the Stage 1 program in order to prepare for the next phase of activity in the permit. This next phase of activity, which has yet to be agreed by the Joint Venture, will be designed to further define the resource potential and ultimately progress the project towards commerciality.

Icon has a 35.1% interest in ATP 855.



Map showing the location and discovery wells in ATP 855.

**A summary of ATP 855 Drilling, Stimulation and Testing Results are shown below:**

Well	Halifax-1	Keppel-1	Hervey-1	Etty-1	Redland-1	Geoffrey-1
TD	4,267m	3,898m	4,269m	3,807m	3,804m	4,125m
Gas Shows	Yes	Yes	Yes	Yes	Yes	Yes
Stimulation stages	14	N/A	5	4	3	5
Max. flow rate	4.5MMscf/d	Flowed gas to surface unstimulated	Flow rate of 0.6MMscf/d	Flow rate of >0.9MMscf/d primarily from a single stage	Flow rate of 0.1MMscf/d	1.1MMscf/d
2C Contingent resources <sup>1</sup> (gross)	<b>Halifax-1, Hervey-1, Etty-1, Redland-1 and Geoffrey-1  1,572 Bcf (2C) <sup>2</sup></b>					
Comments	Highest gas flow rate from unconventional shale gas and tight sands well in Cooper Basin	Flowed gas to surface unstimulated	Initial flow rate from 5 stages	Initial flow rate shows 93% of gas primarily from the Daralingie Formation	Mechanical issues prevented ongoing extended flow test	Flow rate heavily choked back at 12/64" with well head pressure of 3,058psi

## **Tender Opportunities issued for the Cooper Basin – Queensland**

Icon has applied for additional Tenures offered by the Queensland Government in the Cooper Basin as part of the 2015 Acreage Release. The outcome is dependent on the tender process for the areas which will be announced in early 2016.

<sup>1</sup> 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.

<sup>2</sup> Icon Energy announced on 27 March 2015, that DeGolyer and MacNaughton, a well-respected and qualified international petroleum reserve and resource evaluation company, had estimated that, the 2C Recoverable Gross Contingent Resource has increased by 943 Bcf, from 629 Bcf to 1,572 Bcf (as at 31 December 2014) .

## Queensland – Petroleum Exploration – Surat Basin ATP 626

ATP 626 is currently in the last term with the Later Work Program covering the period from 1 January 2014 to 31 August 2017. The remaining wells in the tenement, Eolus-1, Mindagabie-1 and Stitch-1, are currently suspended.

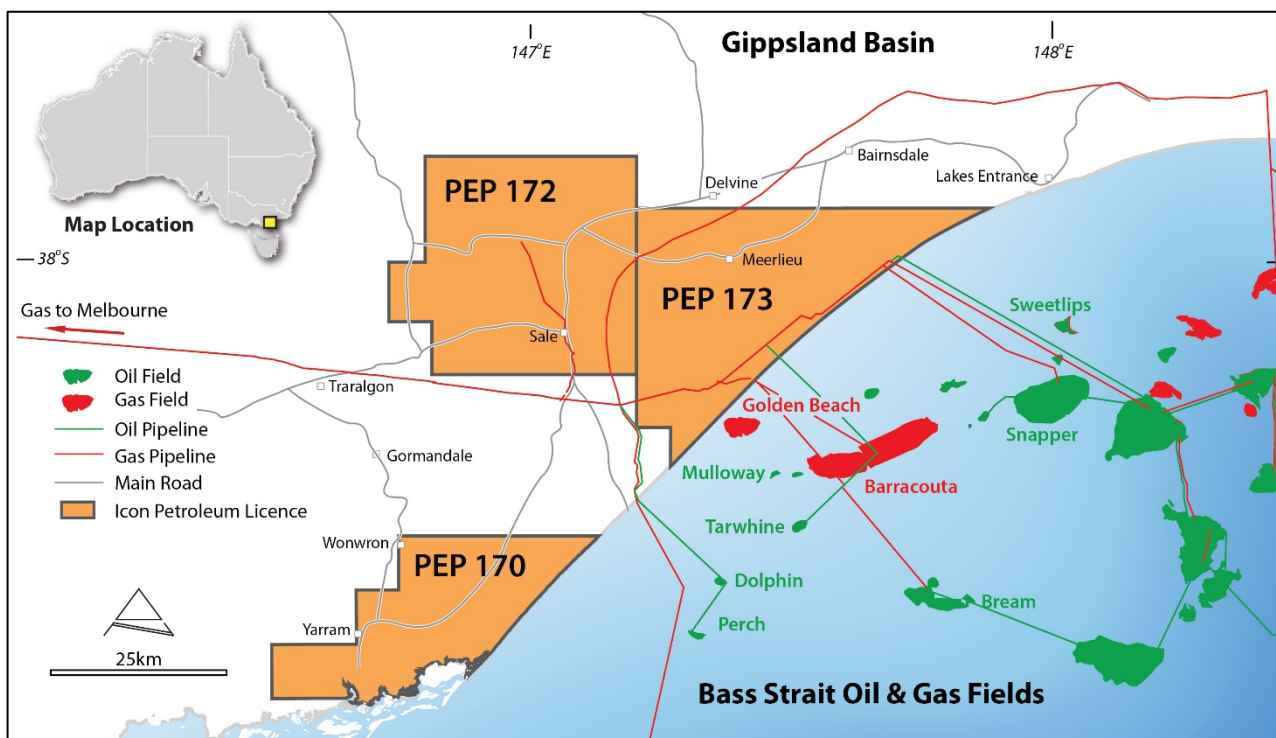
No field work was conducted for the last quarter of 2015 in this permit.

Icon has a 100% interest in ATP 626.

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

PEP 170 is still subject to the General Moratorium covering all drilling in onshore Victoria. Icon has suspended all field work until the Moratorium issue is resolved.

Icon Energy has 100% interest in PEP 170.



Map showing the location PEPs 170, 172, 173 and adjacent oil and gas fields.

Basin / Area	Permit / Area	Tenement Area	Permit Interest	Operator	Prospect Type
Cooper Basin, Nappamerri Trough	ATP 855	1,674 km <sup>2</sup>	35.1%	Beach Energy	Shale Gas, Oil
Cooper Basin Nappamerri Trough	PRLs 33 - 49*	1,602 km <sup>2</sup>	33.33%	Beach Energy	Oil
Cooper - Eromanga Basin	ATP 594	1,230 km <sup>2</sup>	100%	Icon Energy	Natural Gas, Oil
Cooper - Eromanga Basin	ATP 549 West	445 km <sup>2</sup>	33.33%	Drillsearch	Natural Gas, Oil
Cooper - Eromanga Basin	ATP 794				
	- Regleigh Block	674 km <sup>2</sup>	60%	Icon Energy	Oil
	- Springfield Block	1,505 km <sup>2</sup>	60%	Icon Energy	Oil
Gippsland Basin	PEP 170	808 km <sup>2</sup>	100%	Icon Energy	Natural Gas, Oil
Gippsland Basin	PEP 172**	1,312 km <sup>2</sup> **	100%	Icon Energy	Natural Gas
Gippsland Basin	PEP 173**	1,220 km <sup>2*</sup>	100%	Icon Energy	Natural Gas
Surat Basin	ATP 626	741 km <sup>2</sup>	100%	Icon Energy	Shale Gas, Oil

\* Formerly PEL 218 (Post Permian Section)

\*\* Permit to be granted

Table showing all Icon Energy's tenements

## FURTHER INFORMATION

**For further information please contact:**

**Ray James**  
Managing Director

**Martin Berry**  
Exploration Manager

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Email           investor.relations@iconenergy.com

**Or visit the website [www.iconenergy.com](http://www.iconenergy.com)**

**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")

31 December 2015

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months ) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	7,799	7,605
	(b) development		
	(c) production		
	(d) administration	(1,571)	(2,627)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	126	210
1.5	Interest and other costs of finance paid	0	0
1.6	Income taxes paid	0	0
1.7	Other (provide details if material)		
<b>Net Operating Cash Flows</b>		<b>6,354</b>	<b>5,188</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets	(30)	(34)
1.9	Proceeds from sale of: (a) prospects	0	0
	(b) equity investments		
	(c) other fixed assets		
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>(30)</b>	<b>(34)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>6,324</b>	<b>5,154</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	6,324	5,154
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	(6)	(216)
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>	(6)	(216)
	<b>Net increase (decrease) in cash held</b>	6,318	4,938
1.20	Cash at beginning of quarter/year to date	12,369	13,749
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	18,687	18,687

**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	406
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	0	0

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	Nil
4.3 Production	Nil
4.4 Administration	950
<b>Total</b>	<b>1,450</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	15,687	1,362
5.2 Deposits at call	Nil	Nil
5.3 Bank overdraft	Nil	Nil
5.4 Other – bank term deposits	3,000	11,007
<b>Total: cash at end of quarter</b> (item 1.22)	<b>18,687</b>	<b>12,369</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			

+ 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> (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	602,324,481	602,324,481		Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	185,723	185,723		Fully Paid
7.5	<b>+Convertible debt securities</b> (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				


+ See chapter 19 for defined terms.



7.7	<b>Options</b> (description and conversion factor) <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)			<i>Exercise price</i>	<i>Expiry date</i>
	2013 LTI	2,705,497		Nil	30 June 2016
	2014 LTI	4,494,537		Nil	30 June 2017
	Total	7,200,034			
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

## 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:   
(Executive Director / CFO)

Date: 18 January 2016

Print name: Dr Kevin Jih

+ See chapter 19 for defined terms.

## 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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