



**ICON ENERGY LIMITED**

ABN 61 058 454 569  
*energy for the future - the future of energy*



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29 November 2012

ASX Company Announcements Office

**Re: 2012 AGM Address and Presentation**

Attached are copies of the Chairman's Address and Managing Director's Presentation to be delivered at the Icon Energy Limited Annual General Meeting being held at 11.00am (Queensland time) today.

A handwritten signature in black ink, appearing to read "Ross Mallett".

Ross Mallett  
**Company Secretary**  
**Icon Energy Limited**

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## **Chairman's Address**

### **Annual General Meeting of Shareholders of Icon Energy at the Southport Yacht Club on Thursday 29th November 2012**

Before we move to the formal business of the meeting I would like to present my report on the activities of the company over past financial year and an outlook for 2013 and to restate the commitment of the Board and management to Icon Energy's future.

Firstly, it gives me a great deal of pleasure to provide a summary of the good news that we have to date from Halifax 1, our first unconventional gas well in the Cooper Basin.

Ray James your Managing Director will provide greater detail in his presentation, but I can report that in our view by every comparative measure, Halifax-1 looks to be better than any previous unconventional gas well drilled in the Cooper Basin to date. It has:

- the deepest unconventional gas well down to 4,267 metres,
- the thickest REM section of 460 metres,
- one of the thickest Patchawarra sections of 490 metres,
- the largest interval of gas saturation of over 1,300 metres and
- a constrained flow test of 200,000scf/d in the upper Nappamerri Formation, not seen in previous wells.

The key value drivers for the business will be the hydraulic stimulation which will take place in mid-December of this year and flow testing will follow in early 2013.

We should remember that Santos recently flowed over 3millionscf/d from the Moomba 191 well, the first commercial shale gas well in Australia and we look

forward to our results with great excitement, particularly given that we think the Halifax 1 well is technically better in a number of ways.

Now let me reflect on the 2011-2012 year as it was a difficult one for Icon Energy and many shareholders as well.

The Australian economy and the world's equities markets suffered as a result of overseas influences and a general lack of confidence in Europe's ability to manage debt.

ASX listed companies operating in the Cooper Basin have seen their share prices drop by up to 40-50% between January and June 2012.

Icon's share price was not immune but held up better than most outperforming the S&P ASX 300 Energy Index during the year.

The Directors and management team are aware of volatility in the market but remain focused on growing shareholder value.

To that end it was vital that Icon secure funding to enable it to continue the exploration activities in ATP 855P following the success of our first unconventional gas well Halifax-1, and to ensure that those funds were available to Icon in a timely manner.

We did not want to be in a position of raising capital at the same time as being asked to commit to exploration programs by the operator of the joint venture.

Icon's management team had been pursuing funding options throughout 2012.

Those investigations had led to discussions with our advisers, Macquarie Capital, and ultimately to the recent successful placement of \$10m of shares with institutional and sophisticated investors.

The Board also decided that it was appropriate to offer a share purchase plan to allow all shareholders to participate in the capital raising at the same price as the placement.

We now have the funding strength to pursue our exciting growth plan that Ray will talk about later.

The Board and management wish to thank Macquarie Capital for their support on this important funding step for the company.

Again, I wish to emphasise the importance of being able to continue to fund additional exploration activities in ATP 855P and to ensure that those funds were available to Icon in a timely manner to grow shareholder value.

Earlier this month the Federal Government's Energy White paper was released and there are several points worth mentioning to you today;

Australia's gas production is projected to quadruple, reaching over 8,000 petajoules per annum in 2035, driven by the growth of our LNG export industry, and there is also potential for substantial growth in domestic demand.

By the end of this decade, Australia may rival Qatar as the world's largest exporter of LNG. Around 70% of the world's LNG capacity currently under construction is in Australia, and the benefits of those projects will continue for decades.

Along with the development of major new gas resources, this is driving important changes in Australia's eastern and western gas markets. While there is sufficient gas to meet long-term domestic and export needs, there are likely to be short- to medium-term transitional pressures in the eastern market until project start-up risks diminish and new trading dynamics are established. These transitional pressures will manifest in tighter supply and higher prices.

Icon Energy has positioned itself well for these future gas sales opportunities in both the domestic and international markets.

Since signing the LNG Sales Agreement with Shantou SinoEnergy, the Company has continued to advance business and strategic initiatives to secure the necessary gas reserves required to meet this contract.

Our ongoing discussions are progressing well and in 2013 we look forward to making further announcements as both parties move towards satisfying the conditions precedent contained within the LNG sales contract.

I now wish to address what we called, “refocussing the business”.

As I said earlier, 2012 was a difficult year for the Company and despite the commitment and hard work of management and employees we did not achieve all the objectives we set at the start of the year.

With our exploration program being spread across a longer time frame due to the additional levels of Government approvals required in both Queensland and Victoria and the need to continually focus attention on reducing overheads, we made the difficult decision during the year to offer voluntary redundancies to a number of staff.

The total savings from cost reduction initiatives were in excess of \$870,000 and we are continuing to focus on costs and managing our business more efficiently.

As a consequence of this refocus and the adverse impact of economic conditions on the Company, the Board determined that no bonuses would be paid to management and staff in respect of the 2011-2012 financial year and salaries would be restricted to CPI increase (for Brisbane) of 1.9%.

Non-executive Directors did not receive the CPI increase and their fees have not increased since 2009.

Now I would like to address the environment and workplace health and safety.

At Icon we have a safety first culture and believe that all workplace accidents are preventable. This year we recorded zero reportable safety incidents and the Board

wishes to place on record, our total support in regards to operational safety and environmental performance.

The environment and workplace health and safety is critical to our operations and as such deserves our full attention.

Icon Energy is committed to conducting its business in a manner that prevents injury or detriment to employees, contractors, customers and the communities in which we operate.

Our environmental performance is central to all our operational activities and we meet the rigorous environmental conditions applied to our operations each and every time we operate.

Our operations in Victoria are currently subject to delays by Government as they implement a new and more rigorous regulatory regime for gas exploration, the "National Harmonised Framework for CSG". We look forward to being able to recommence our exploration program in 2013.

Finally, we would like to thank our fellow Directors, management and staff for their hard work over the past year.

We all look forward to a successful year in 2013 as we continue our efforts focussed on securing the gas reserves needed to fulfil our sales contracts and to deliver value to our shareholders.

Our strategy is clear. Your board and management are aligned to deliver the necessary outcomes and to grow shareholder value over the coming year.

# Icon Energy

## Annual General Meeting

29 November 2012



Mr Ray James  
Managing Director



Thank you Mr Chairman

Good morning and welcome to the Annual  
General Meeting



**Disclaimer**

This presentation may contain certain statements and projections provided by or on behalf of Icon Energy Limited (Icon) with respect to the anticipated future undertakings. These forward-looking statements reflect various assumptions by or on behalf of Icon.

Accordingly, these statements are subject to significant business, economic and competitive uncertainties and contingencies associated with the oil and gas industry which may be beyond the control of Icon which could cause actual results or trends to differ materially, including but not limited to price and currency fluctuations, geotechnical factors, drilling and production results, development progress, operating results, reserve estimates, legislative, fiscal and regulatory developments, economic and financial markets conditions in various countries, approvals and cost estimates, environmental risks, ability to meet funding requirements and share price volatility. Accordingly, there can be no assurance that such statements and projections will be realised. Icon makes no representations as to the accuracy or completeness of any such statement of projections or that any forecasts will be achieved.

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Nothing in this material should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities. It does not include all available information and should not be used in isolation as a basis to invest in Icon.

All references to dollars, cents, or \$ in this document are to Australian currency, unless otherwise stated.

- You would all be well aware of the “**disclaimer**” in relation to company presentations





- Highlights 2011-2012
- Our Operations
- Outlook 2012 -2013
- Our vision for the future

I'm Ray James the Managing Director and today I'd like to talk about:

- Highlights 2011-2012
- Our Operations
- Outlook for 2012- 2013
- Our vision for the future



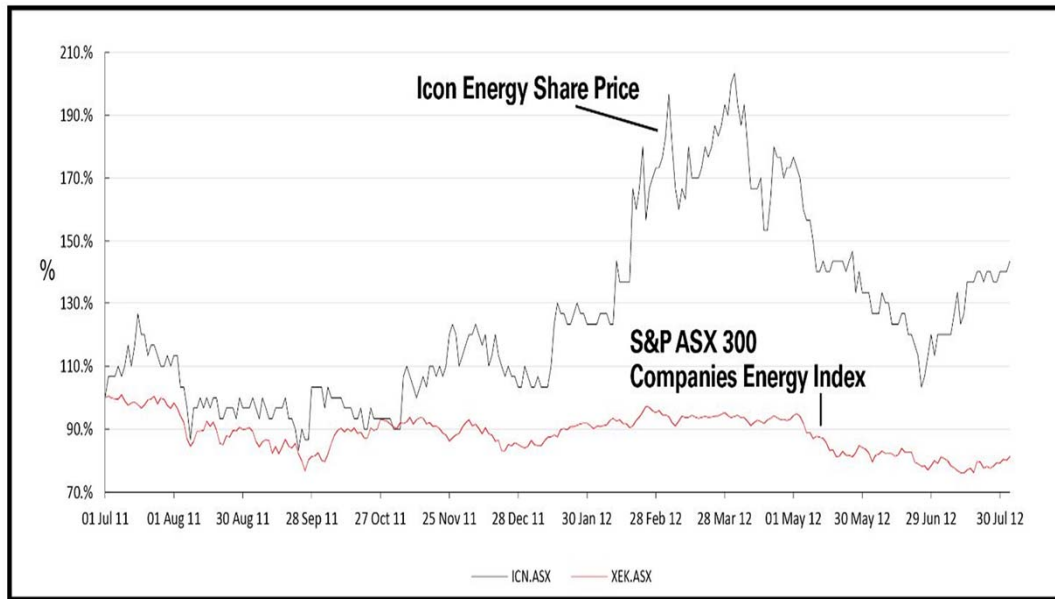
- Halifax-1 is potentially the most successful shale gas well in the Nappamerri Trough
- Eolus 1 CSG well encouraging results
- North Maroon 1 Oil well
- Land access agreements signed in PEP 170 for Dragon 1 and Tiger 1 wells and Operational and Environmental plans submitted
- PEP 172 & PEP 173 offered to Icon Energy pending ILUA's
- Zero reportable incidents
- Zero environmental incidents
- Reduced operational expenses by \$870,000
- Successfully completed a \$10m placement to institutional and sophisticated investors to fully fund our next growth phase

#### Our year's highlights:

- Icon drilled the company's first dedicated shale well, Halifax 1, which is potentially the most successful shale gas well in the Nappamerri trough in the Cooper Basin.
- In our CSG well Eolus 1 we have some encouraging results that will be further investigated in the New Year after we review the Feasibility Study in ATP 626P
- The North Maroon 1 Oil well was unfortunately not a success
- We signed land access agreements in PEP 170 for Dragon 1 and Tiger West 1 wells as well as receiving the Victorian Government's offer for additional permits (PEPs 172 and 173) in the Gippsland Basin
- We had zero reportable incidents at our operations this year and this is a clear demonstration of our commitment to WH&S and we also had zero environmental incidents
- Our operational expenses were reduced by \$870,000 and we remain focussed on reducing overheads
- We successfully completed a \$10m placement to institutional and sophisticated investors so we are now fully funded for our next phase of growth



## Icon Energy Share Performance

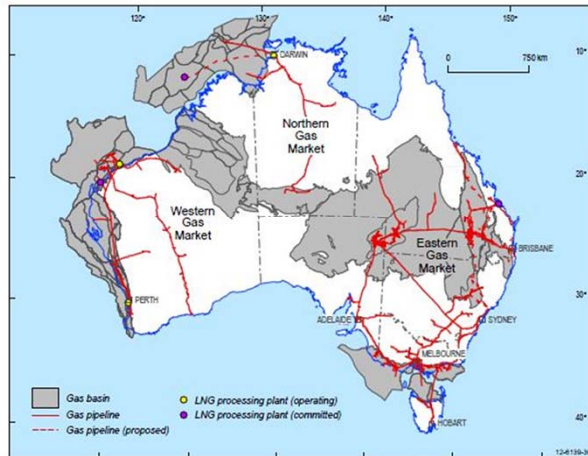


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- Our share price compared favourably against the S&P ASX 300 Energy Index
- Some of the companies within this index include the likes of Origin, Woodside, Beach, Drillsearch, Buru and Senex
- Icon Energy aspires to be an ASX 300 company and it is fitting to benchmark our performance with this group of companies
- During the past 12 months our share price has ranged between A\$0.125 and A\$0.315



## Australia's gas basins, pipelines and domestic markets



Source: RET, GA & BREE (2012).

- **Gas Markets**
  - Eastern, Western and Northern
- **Gas Assets**
  - 149,305 PJ Reserves
  - 450,000 PJ Shale and Tight Gas Resources
- **Gas Production**
  - In 2010-2011 Australia produced 2095PJ
- **Gas Consumption**
  - Domestic 1515PJ
  - 1086PJ exported
  - 87% of consumption; manufacturing, electricity generation and mining
  - 10% residential
- **Projected Gas Production**
  - Fourfold increase 5663 PJ by 2034-35
  - Domestic supply expected to reach 2611PJ by 2034-35

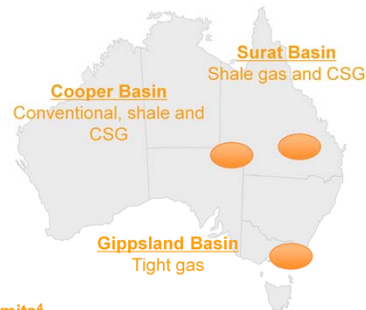
Source Energy White Paper November 2012 6

- Australia's domestic gas markets are a key part of Australia's energy mix which is currently over 2,000 PJ/year and the Federal Government's White Paper is projecting a fourfold increase in gas production by 2035 to 8,000PJ/year
- This map shows 3 separate segments within the gas market, Eastern, Western and Northern. The Eastern market is by far the largest physically and most mature, competitive and interconnected gas market in Australia, while the Western is the largest in terms of production volume and the Northern the smallest market
- It is the Eastern gas market that I believe will see the most activity in terms of production increases and export opportunities and we are well positioned to take advantage of growth in this market



**Icon Energy is an unconventional gas focused company with access to a world class and potential multi-Tcf resource base**

- Formed in 1993, Icon Energy has interests in three prolific hydrocarbon basins
  - **Cooper Basin:** Discovered major shale gas resource in the Nappamerri Trough
  - **Surat Basin:** Significant CSG resource potential, funded through farm-out
  - **Gippsland Basin:** Highly prospective tight gas onshore acreage in a prolific oil and gas producing basin
- Market capitalisation ~\$116m<sup>1</sup>
- Net cash ~\$13.83m<sup>2</sup>



**Key Permits<sup>4</sup>**

Basin	Type	Permits	Km <sup>2</sup> (gross)
Cooper	Shale, CSG	ATP855 (40%), Beach operated	1,674
		PEL218 (33.33%) (post-permian) Beach operated	1,602
Surat	Shale, CSG	ATP626P (50% <sup>3</sup> )	2,224
		ATP849P (80%)	3,854
Gippsland	Tight Gas	PEP 170 (100%)	3,340
		PEP 172 (100%)	
		PEP 173 (100%)	

1. As at 29 November 2012  
 2. As at 21 November 2012. Gross cash \$17.2m (post placement), debt \$3.4m  
 3. Post Farm-in  
 4. Icon holds a number of other Eromanga and Cooper Basin permits

- We have a Market Capitalisation today of approximately \$116m at 22.5c/share
- Our net cash on hand is approximately \$14m following the completion of the placement
- The Cooper Basin is potentially a world class unconventional gas asset and Icon holds over 23,000km<sup>2</sup> of prospective tenements in Australia including 3000km<sup>2</sup> in the Nappamerri Trough in the Cooper Basin and 3,300km<sup>2</sup> in the Gippsland Basin in Victoria, and this positions us at the centre of future unconventional gas exploration
- The Energy Information Administration’s world energy report indicated 85TCF of recoverable gas is located in the Cooper Basin, I’ll talk more about this later.

**ICON** Company Overview

World class resource	Upcoming catalysts	Fast track commercialisation	Broader unconventional portfolio
<ul style="list-style-type: none"> <li>Huge Cooper Basin shale gas resource potential</li> <li>ATP855P estimated 300+TCF GIIP (gross)</li> <li>Halifax-1 contains the thickest shale section and gas saturated zone encountered to date</li> <li>Halifax-1 (and nearby wells) have de-risked the resource</li> </ul>	<ul style="list-style-type: none"> <li>15 stage hydraulic stimulation of the Halifax-1 well mid -December</li> <li>Material 2C Contingent Resource booking expected Q1 2013</li> <li>Broader drilling and production testing program in 2013 (subject to JV approval)</li> <li>Gallus Seismic (423km 2D) final data processing to be completed Q4 2012</li> </ul>	<ul style="list-style-type: none"> <li>Potential to monetise early production via existing facilities. Halifax-1 is ~2km from existing pipeline</li> <li>Potential pilot production phase anticipated in Nappamerri Trough in 2013/2014</li> </ul>	<ul style="list-style-type: none"> <li>Additional unconventional gas plays in the Gippsland and Surat Basins</li> <li>7,238 Km<sup>2</sup> of tenements (gross)</li> <li>Active 2013 – 2015 program with the objective of booking 2.2Tcf of 2P reserves</li> <li>Significant long term off take agreements with Stanwell Corporation and Guodian / Shantou SinoEnergy</li> </ul>
			
Near Term		Medium to Long Term	

Source: ASX and company filings

### **World class resource**

- Australian gas industry is developing what could be a world scale shale gas discovery in the Cooper Basin which straddles the Queensland and South Australian border

### **Upcoming catalysts**

- The Halifax 1 unconventional gas well intersected one of the largest intervals of gas saturation of over 1,300 metres
- One of the thickest REM and Patchawarra Formations are all over pressured, and I will expand on this when I address the Halifax 1 well
- The next stage is the 15 stage hydraulic stimulation of Halifax-1 and subsequent flow testing;
- 2C Contingent Resource booking in Q1 2013

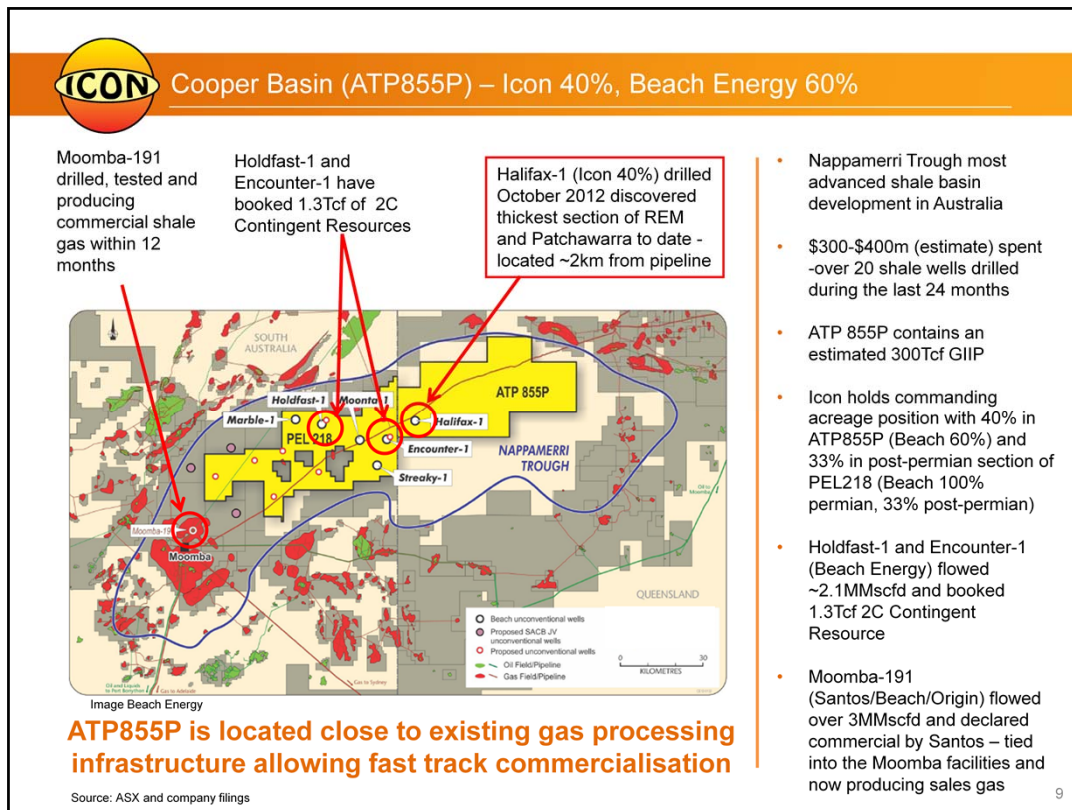
### **Fast track commercialisation**

- Every well drilled continues to de-risk this basin centred unconventional gas play
- Moomba 191; 1<sup>st</sup> commercial shale gas well

### **Broader portfolio**

- Cooper, Surat, Gippsland Basins
- We are focussed on proving up over 2 TCF 2P reserves





- Nappamerri Trough most advanced shale basin development in Australia
- \$300-\$400m (estimate) spent -over 20 shale wells drilled during the last 24 months
- ATP 855P contains an estimated 300Tcf GIIP
- Icon holds commanding acreage position with 40% in ATP855P (Beach 60%) and 33% in post-permian section of PEL218 (Beach 100% permian, 33% post-permian)
- Holdfast-1 and Encounter-1 (Beach Energy) flowed ~2.1MMscfd and booked 1.3Tcf 2C Contingent Resource
- Moomba-191 (Santos/Beach/Origin) flowed over 3MMscfd and declared commercial by Santos – tied into the Moomba facilities and now producing sales gas

- Icon holds interests in the areas shown in yellow and has a 40% interest in ATP855P and a third interest in the Post Permian section in PEL 218
- This slide shows the exploration drilling activity in the area including multiple wells in close proximity to Icon’s block that have discovered and tested significant gas resources
- This includes Encounter 1 which is 12km away from Halifax 1 and Australia's first commercial shale well Moomba 191 (Santos, Beach and Origin)
- Icon and Beach have recently completed drilling Halifax1, the first shale well in ATP 855P
- In July, Reg Nelson Managing Director Beach Energy said “ **there is little reason why the 300TCF plus gas in place in PEL 218, can not be replicated in ATP 855P**”, and Mr Nelson went on to say;
- **“The Halifax-1 well has delivered what appears to be another sizeable gas saturated section through the Permian zone of the Nappamerri Trough. Each well from this point forward will push this unconventional exploration play closer to the pilot production phase, which is anticipated in 2013.”**
- I’m very pleased that Reg Nelson sees in ATP 855P what I see as a bright future for unconventional gas in this permit.



## Halifax 1 – Potentially the best well in the Nappamerri Trough to date

	Holdfast-1	Encounter-1	Moomba-191	Halifax-1
Well Type	Vertical Well	Vertical Well	Vertical Well	Vertical Well
Total Depth	3,487m	3,620m	3,010m	4,267m ✓
REM Thickness	353m	393m	n/a	+460m ✓
Patchawarra Thickness Intersected	n/a	n/a	n/a	+490m ✓
Gas Saturated Zone Intersected	>1km	>1km	n/a	1,300m ✓ <small>Not including Nappamerri Group</small>
Fracture stages	7	6	3	15' ✓
Max flow rate post fracture stimulation	~2.1MMscfd	~2.1MMscfd	~3MMscfd	??
Booked 2C Contingent Resources	1.3Tcf		n/a	??

Key value driver to be determined in near-term program

**The Halifax-1 well indicates that ATP855P is a highly prospective area within the Nappamerri Trough with potential for significant uplift in flow rates and resources**

Source: ASX and company filings

1. Subject to JV approval

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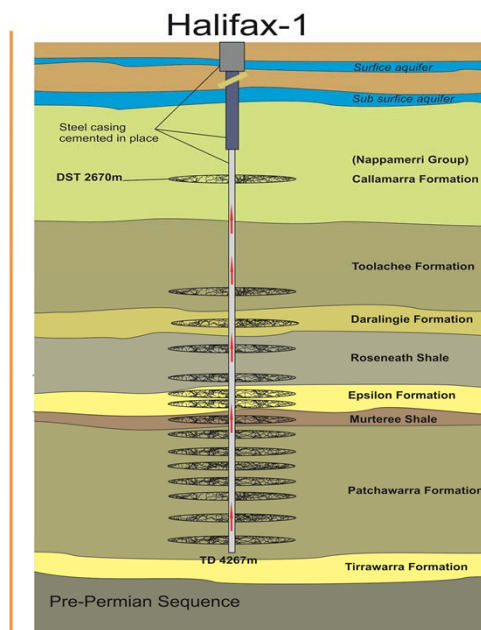
- Halifax 1 is potentially the best well in the Nappamerri Trough to date; Why do I make this claim that it is potentially the best well so far?
- In this slide you can see that Halifax 1 compares favourably to other nearby wells
- Halifax discovered significantly thicker gas saturated zones which could imply higher gas yields (and potential for higher flow rates)
- The hydraulic stimulation of Halifax 1 will begin in mid December and flow testing will follow early in 2013
- The data from the flow testing will allow us to determine commerciality and we expect to book a 2C Contingent Resource in Q1 2013
- Given the favourable comparison against other wells, we are very excited about the hydraulic stimulation and flow testing of Halifax 1 especially in the Patchawarra Formation





## Halifax 1 Hydraulic Stimulation

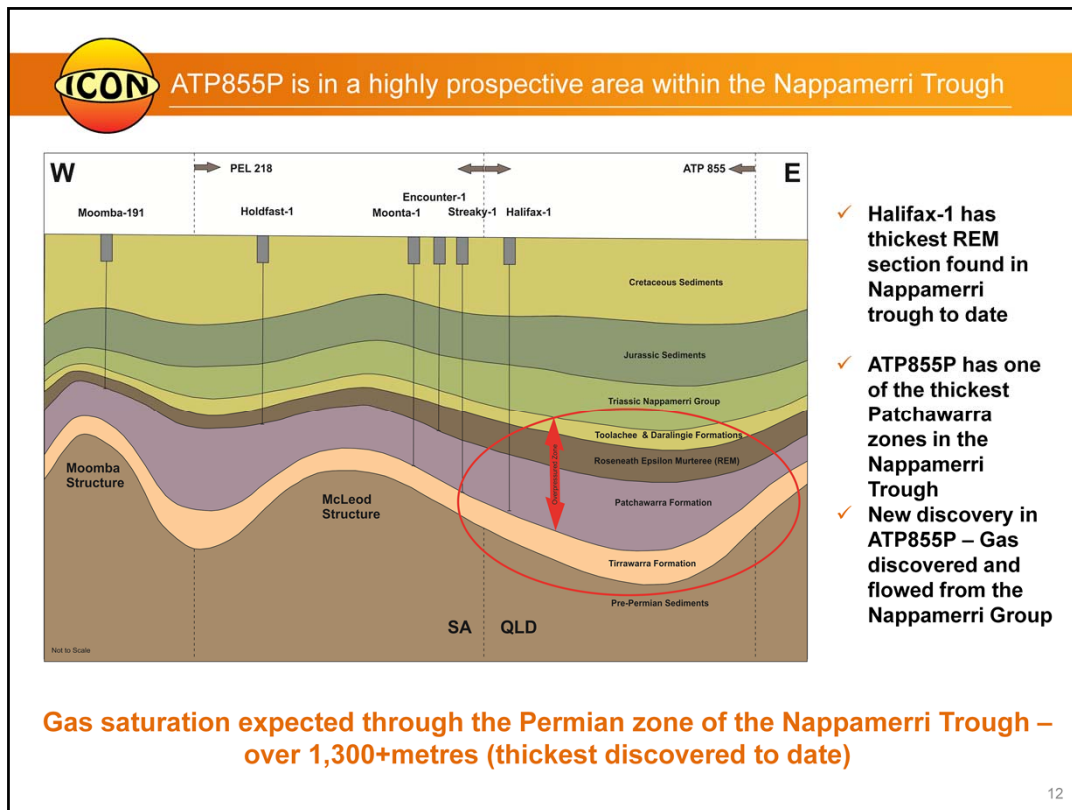
- Drilled August to November 2012; depth of 4267 metres
- Logs indicate over 1300 metres+ gas saturation
- One of thickest REM and Patchawarra Formations
- Planned 15 stage fracture stimulation program at depths of 2,600 to 4,267 metres<sup>2</sup>
  - 1 stage in the Toolachee, Daralingie and Callamurra Formations
  - 2 stages in the Roseneath Formation
  - 2 stages in the Epsilon Formation
  - 1 stage in the Murteree Formation
  - 7 stages in the Patchawarra Formation
- Pumping rates of 80bbbls of stimulation fluid per minute
- Expected commencement mid December 2012



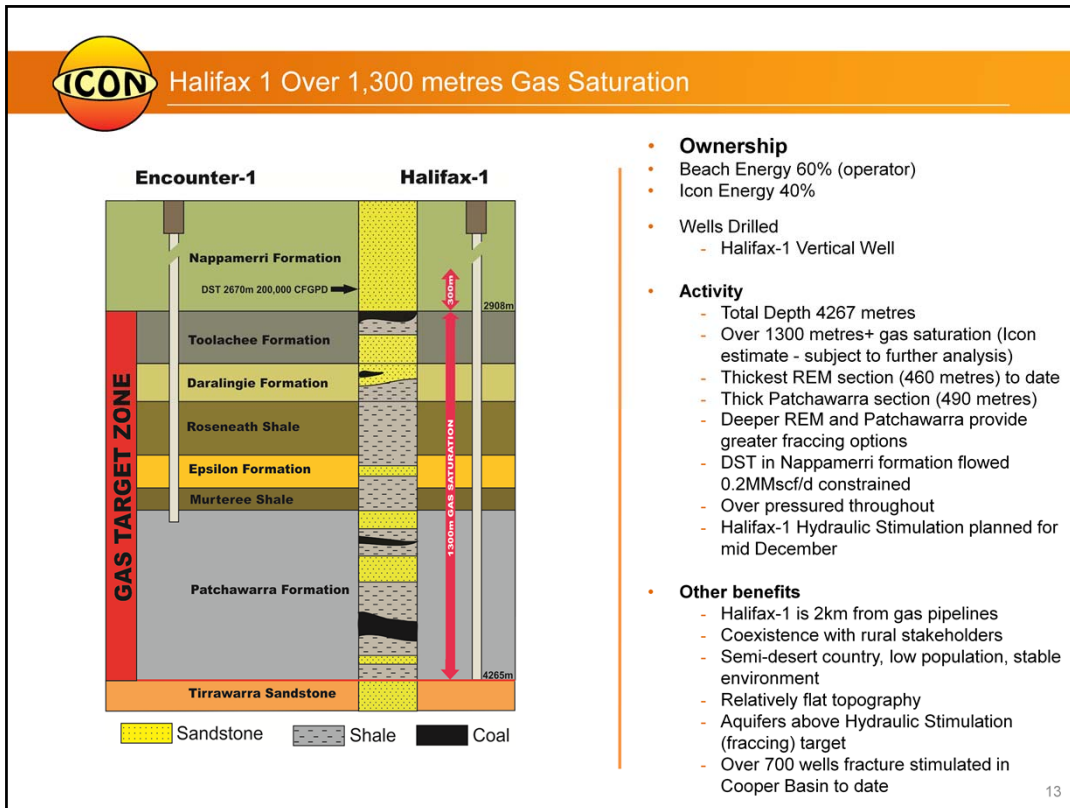
2. Subject to JV approval

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- Queensland Government approval has been given for the hydraulic stimulation of Halifax 1 in mid December
- Halifax 1 is expected to undergo a 15 stage hydraulic stimulation comprising: 1 stage in the Callamurra, Toolachee and Daralingie Formations, 2 stages in the Roseneath Formation 2 stages in the Epsilon Formation, 1 in the Murtree Formation, and 7 stages in the Patchawarra
- This is significantly more fracture stimulations than any other shale well in the Nappamerri Trough to date
- In stimulating Halifax 1 in mid December, we will use the latest technology and increased pumping rates will be applied to the wells. The well engineering and surface infrastructure have been upgraded to target pumping rates of ~80 barrels per minute of stimulation fluid, approximately double that used in the previous wells in PEL 218. This has the potential to increase fracture efficiency and subsequent gas flow rate.
- This well will be extensively tested over the coming weeks and we are looking forward to the gas flow rates from this extensive program
- To recap on some flow rates in the Nappamerri Trough, Moomba 191 flowed 3.0MMscf from 3 stimulations, Encounter 1 flowed 2MMscf from 6 stimulations and Holdfast 1 flowed 2MMscf from 7 stimulations



- This slide shows the Nappamerri Trough running from Moomba through PEL218 and ATP855 from west to east
- This shows that the Nappamerri Trough is likely to be thicker and deeper in the eastern portion of the trough
- Over pressured zones in Halifax 1 should assist flow rates
- Moomba 191 had one stimulation in each of the Roseneath, Epsilon and Murteree formations which flowed at a commercial rate of 3 million CFPD
- Holdfast 1 and Encounter 1 (Beach) were drilled to the top of the Patchawarra and initially only the REM formation was stimulated. A second stimulation in Encounter 1 of the top 50 metres of the Patchawarra flowed at 750,000 SCFPD
- Attention is now being directed to the formations above and below the REM formation especially the Patchawarra Formation

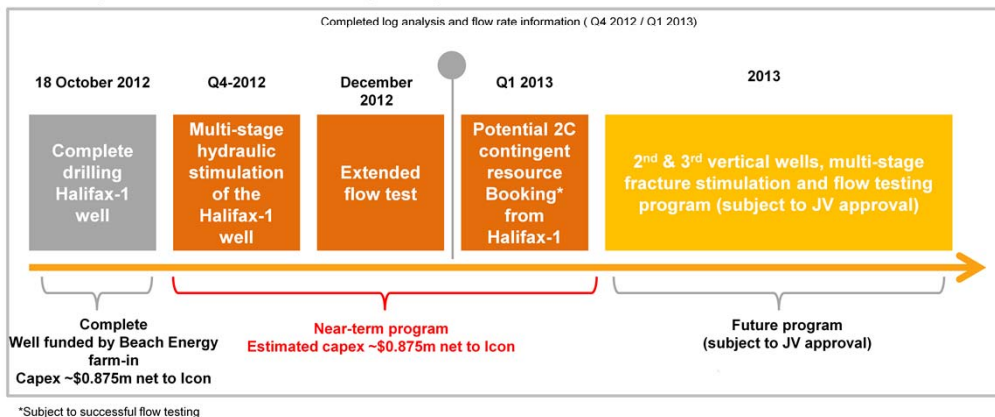


- This diagram shows the direct comparison of Halifax 1, showing a greater gas saturated zone intersected when compared to Encounter 1 well in PEL 218
- In Halifax-1 we made an additional gas discovery in the Nappamerri Formation. This was an unexpected bonus and a Drill Stem Test flowed at a constrained rate of 200,000 SCFPD
- Unconventional gas wells are drilled thousands of metres below the shallow aquifers therefore there is a significant reduction in risk of penetrating an aquifer while undertaking hydraulic stimulation
- Over 700 hydraulic stimulations have taken place in the Cooper Basin and to the best of my knowledge, not one has caused an environmental incident
- Unconventional gas wells in the Nappamerri Trough have negligible water disposal problems and minor community issues in this isolated part of one of Australia's desert regions



## ATP855P - Forward Work Program

- Multi-stage hydraulic stimulation of Halifax-1 planned to take place mid December, with an extended flow test for a period of several weeks to follow
- Potential for significant 2C Contingent Resource booking from Halifax-1 to be available in Q1 2013
- Next steps to expand the drilling program with the design and drilling of a second vertical well in 2013 (subject to JV approval) to further characterise production potential of shale and basin centred gas targets
- Seek to monetise early production via existing facilities and gas pipeline is ~2km from Halifax-1
- Investigate horizontal and vertical development options

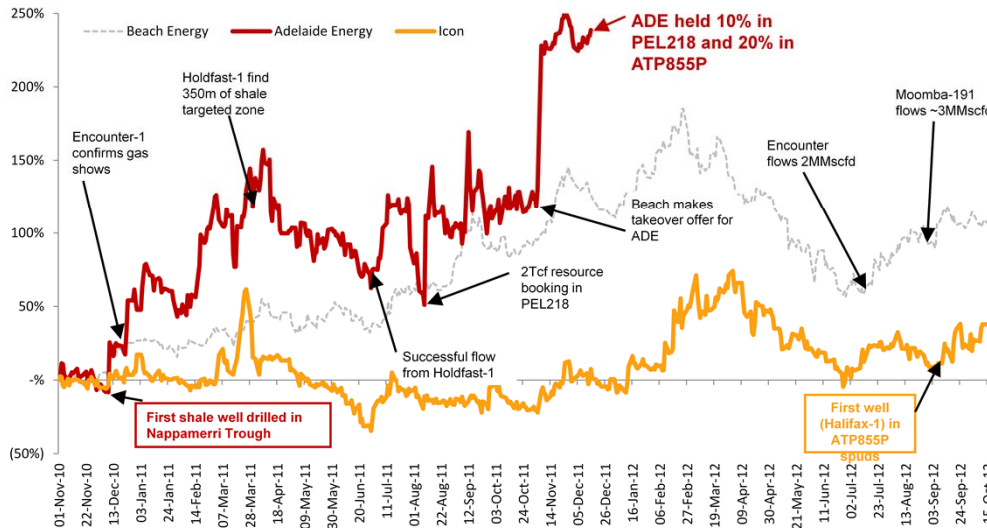


- We have a plan going forward and we are 100% focussed on meeting these commitments
- We are in the process of negotiating a Joint Venture Operating Agreement with Beach Energy which is expected to be completed in the near future
- We have an excellent working relationship with our joint venture partner Beach Energy and hold meetings with Beach on a regular basis to discuss and agree joint venture matters
- The hydraulic stimulation of Halifax 1 is scheduled for mid December and flow testing will follow this in January 2013
- Dependent on these results, a 2C resource could be booked in Q1 2013
- The drilling program in 2013 will be dependent on JV approval however it is likely to involve drilling 2 more wells, multi stage stimulation and flow testing
- Meanwhile Beach Energy are drilling and stimulating new unconventional wells in close proximity to Halifax 1 in PEL 218 which further de-risks the basin centred gas play



## Evolution of the Nappamerri Trough as a major shale basin

### Share Price Performance of Companies in Nappamerri Trough<sup>1</sup>



1. Share prices rebased and adjusted for movements in S&P/ASX 200  
2. Source: ASX and company filings

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- This chart shows the strong performance of the comparable companies, Adelaide Energy and Beach Energy with interests in the Nappamerri Trough. Adelaide is the red line, Beach the fine grey line and Icon is the orange line.
- If we look at the bottom left hand corner of the graph, you will note the first shale well drilled in the Nappamerri Trough and following that the upward value movement in both Adelaide and Beach Energy. Icon has now drilled its first shale well and we are very focused on delivering similar value growth for our shareholders
- Adelaide Energy and Beach Energy have also demonstrated that the markets has reacted positively to drilling, flow testing and resource booking results and there is significant interest from all sections of the media and industry in the unconventional basin centred gas play
- With unconventional gas plays receiving increasing media attention, Australia is poised to follow the USA in this new development





### Gladstone based LNG projects

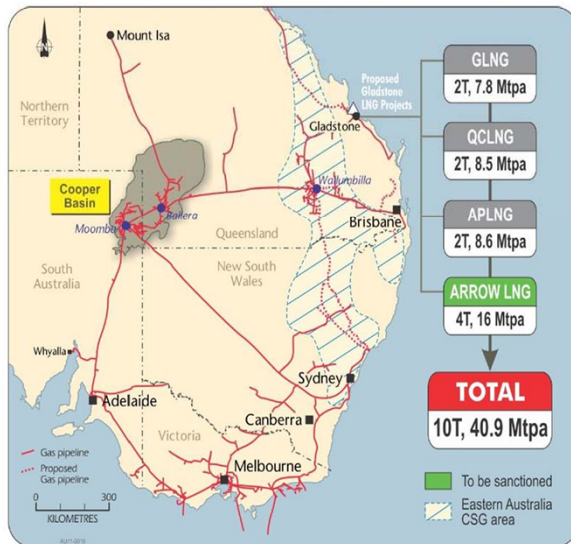


Image Beach Energy

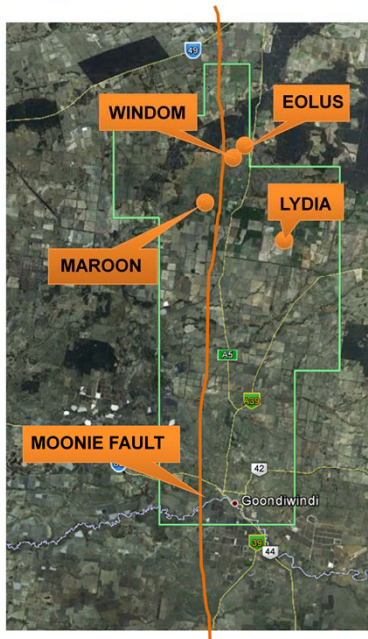
- 80% of East Coast reserves are owned by parties developing LNG projects or with LNG aspirations
- Industry commentators suggesting gas prices trending towards \$6-9/GJ
- Recent gas supply contracts signed between \$6-\$9/GJ
- Acknowledged shortage of gas supply by LNG proponents

#### Benefits of Shale Gas as LNG supply source

- No community issues, excellent coexistence
- No water management issues
- No contribution to community infrastructure
- Early gas delivery, no dewatering period
- Attractive well economic profile
- Access to gas infrastructure

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- In Gladstone there are currently 3 LNG projects under construction, costing over \$60 billion
- In fact Australia had a modest liquefaction capacity of 20 million tonnes in 2011, however this is expected to reach 124Mtpa by 2017, 10 LNG trains with a potential capacity of over 40Mtpa in Gladstone alone. By comparison Qatar in the middle east has a capacity of approximately 78Mtpa.
- We have seen domestic gas prices increasing \$6- \$9GJ and I see no reason why prices will not continue to be firm
- There will be supply opportunities for emerging producers as demand increases and old contracts expire
- We believe that unconventional gas will be a very attractive LNG source post 2014-2015



- Ownership
  - 50% Icon Energy (Operator) / 50% Stanwell Corporation
- Property details
  - 2,224 km<sup>2</sup>
- Activity
  - Drilled Windom-1 and Eolus-1 in 2012
  - Eolus1 cased and suspended pending further technical analysis
- Capital Expenditure
  - A\$36.0 million fully funded by farm out to Stanwell Corporation (A\$20 million spent)
- Tenement history
  - Total Icon Energy spend to date of A\$10 million / Total Stanwell Corporation spend to date of A\$20 million
  - December 2008
    - Stanwell Corporation committed A\$6.0 million for an initial pilot program with the option to elect to commit a further A\$30 million to secure a minimum 2P reserve of 340PJ
    - Key commercial terms agreed for Stanwell Corporation to buy 225PJ from ATP 626P over 15 years
  - August 2010 - Stanwell Corporation elects to commit a further A\$30 million
  - October 2012 – ATP 626P Feasibility Study regarding further development options

- During the year we drilled three wells in ATP 626P; Windom 1, Eolus 1 and North Maroon 1, 2 Coal Seam Gas wells and an oil well (Icon100%)
- Eolus 1 has been cased and suspended and forms part of the Feasibility Study
- We will shortly receive the “Feasibility Study” on ATP 626P and we will then discuss this report with JV partner Stanwell and reach a decision on the best way forward in the tenement
- I would like to take this opportunity to thank Stanwell Corporation for their partnership and assistance in ATP 626P



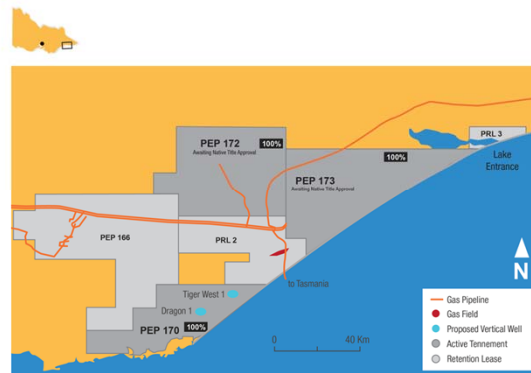
## Gippsland Basin Tenements PEP170, 172 & 173

### PEP 170

- 100% Icon Energy (Operator)
- 804 km<sup>2</sup>
- Activity
  - Dragon-1 and Tiger West-1 wells 2013-2014 (Subject to Government regulatory approvals)
  - Murray 2D 400km seismic acquisition and evaluation, Q1 2013
  - 4 wells (total) expected to be drilled 2013-2014 (Subject to Government regulatory approvals)
- Capital Expenditure
  - A\$10.5 million during 2012-2014 (Subject to Government regulatory approvals)
  - Farmout opportunities likely to be explored after 2 wells
- Tenement history
  - Total expenditure to date A\$525,000
  - September 2010 - Icon Energy awarded the permit

### PEP 172 and PEP 173

- Tenement details
  - PEP 172 1,312km<sup>2</sup>
  - PEP 173 1,220km<sup>2</sup>
- Activity
  - Currently negotiating Indigenous Land Use Agreement ("ILUA")



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- Our work program in Victoria is currently delayed due to the Victorian Government awaiting the implementation of a “National Harmonised Framework for CSG exploration. Our drilling program will be delayed until there is further clarity on the new guidelines
- We expect the National Harmonised Framework to be in place in 2013 and we have obtained from the Victorian Department of Primary Industries (DPI) an extension to our work program until October 2013 and I wish to take this opportunity to thank the DPI for their assistance in this matter
- In PEP 172 and PEP 173 we are in on-going discussions with the Gunaikurnai people regarding an Indigenous Land Access Agreement (ILUA) and we are hopeful of a positive conclusion to these discussions in the next few months.





- ✓ **Access to a world class, potential multi-Tcf, gas resource base**
- ✓ **Near term focus on booking shale gas 2C Contingent Resource in the Cooper Basin**
  - ✓ Recent activity in the sector demonstrates market's strong appetite for exposure to unconventional gas resource
- ✓ **Significant catalysts exist in the short term in the Cooper Basin**
  - ✓ 15 stage fracture stimulation in mid-December and extended production testing at Halifax-1
  - ✓ Stimulation incorporating latest technology including, pumping rates of 80bbbls of stimulation fluid per minute potentially increasing stimulation complexity and gas flow rates
  - ✓ Additional wells being drilled and tested in close proximity to ATP855P de-risk the resource base
  - ✓ Technical attributes including the overpressure of Halifax-1 compare favourably to the successful wells immediately adjacent
- ✓ **Medium term catalysts also exist**
  - ✓ Medium term development plan with multiple well and potential production testing phase anticipated in Nappamerri Trough in 2013/2014
- ✓ **Long term exposure to significant unconventional exploration acreage**
  - ✓ Prospective acreage in Surat Basin and onshore Gippsland Basin operated by Icon

- I now wish to focus on the company's short and near term catalysts;
- The planned 15 stage hydraulic stimulation program on Halifax 1 in mid-December followed by flow testing and an extended production test in 2013
- A potential 2C Contingent Resource booking in Q1 2013, depending on flow testing results, and we have access to a world class potential multi Tcf gas resource base
- Icon is looking to prepare a medium term development plan to fast track commercialisation via adjacent infrastructure
- According to the US Energy Information Administration's Report (EIA) there could be up to 85 TCF recoverable in the Cooper Basin and only 6 to 7 Tcf has been extracted during the last 40 years



- Focus on ATP 855P JV and drill additional wells in ATP 855P
- +2TCF 2P in ATP 855P
- Early monetisation of gas
- Progress Shantou SinoEnergy contract conditions towards FID
- On-going discussions with major E&P companies regarding access to Gladstone LNG facilities
- Eastern Australia gas prices \$6 to \$9 GJ
- Recommence exploration program in Victoria
- Grow shareholder value

### **Our future,**

- Your board, management team and I are 100% focussed on our vision for the future.
- Our Joint Venture with Beach Energy in ATP 855P
- Proving over 2TCF 2P reserves in ATP 855P
- Early monetisation of gas via adjacent infrastructure
- Progress the Shantou SinoEnergy gas sales agreement “conditions precedent” towards a final upstream investment decision
- On-going discussions regarding access to Gladstone LNG facilities
- We see Eastern Australia gas prices moving to the \$6 to \$9 GJ range
- Recommence exploration program in Victoria in 2013
- Focussing on minimising the costs of our business
- Growing shareholder value

In closing I see this as a company maker and I thank you for your investment in the company, your interest in the company and your attendance at today’s AGM.

Now I shall take questions from the floor and if you have a question, please state your name, raise your hand and a microphone will be handed to you.