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28 February 2013

ASX Company Announcements Office

### INVESTOR UPDATE

Please find attached an Icon Energy Ltd Investor Update Presentation being delivered today.



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

# Icon Energy Investor Update

28 February 2013



Mr Richard Holliday  
Commercial Manager



Good morning and thank you for your time

There are three things I'd like to talk about today

- **Company Highlights**
- **Shale Gas Cooper Basin**
- **Near term catalysts for Icon Energy**



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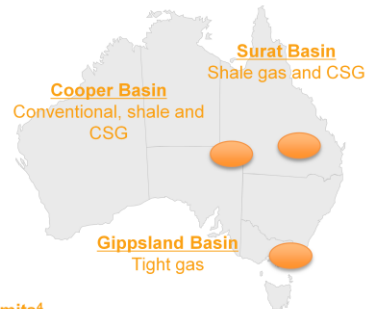
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Icon Energy is an unconventional gas focused company with access to a world class and potential multi-Tcf resource base

- 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 ~\$120m<sup>1</sup>
- Net cash ~\$17.75m<sup>2</sup>
- Shares on issue: 533.4million<sup>5</sup>



Key Permits<sup>4</sup>

Basin	Type	Permits	Acres (gross)
Cooper	Shale, CSG	ATP855 (40%), Beach operated	413,654
		PEL218 (33.33%) (post-permian) Beach operated	395,862
Surat	Shale, CSG	ATP626P (50%) <sup>3</sup>	549,562
		ATP849P (80%)	952,344
Gippsland	Tight Gas	PEP 170 (100%) PEP 172 (100%) PEP 173 (100%)	825,331

1. As at 27 February 2013  
 2. As at 21 January 2013. Gross cash \$21.1m, debt \$3.4m  
 3. Post Farm-in  
 4. Icon holds a number of other Eromanga and Cooper Basin permits  
 5. As at 21 January 2013

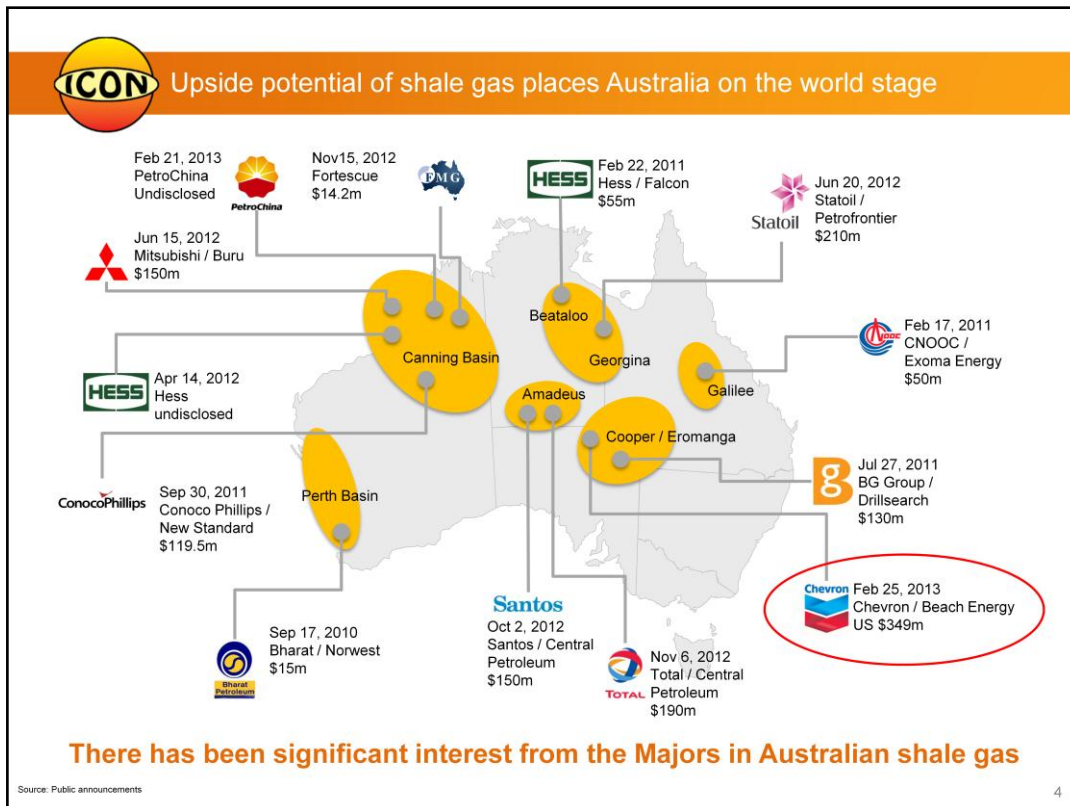
The Cooper Basin is potentially a world class shale gas asset and the most advanced shale province in Australia

Icon has a Market Capitalisation of A\$120 million and we are well funded with A\$17.75 million cash available

We hold over five and a half million acres of prospective tenements in Australia including some 800,000 acres in the Nappamerri Trough in the Cooper Basin and we hold over 825,000 acres in the Gippsland Basin in Victoria placing us at the centre of future unconventional gas exploration

The Energy Information Administration’s (EIA) World Energy Report, indicated some 342 TCF and of this, 85TCF of recoverable gas is located in the Cooper Basin, I’ll talk more about this later

This was before Monday 25<sup>th</sup> February, so let’s talk about what happened on Monday



On Monday (25/02/13) we saw Chevron Australia farm into the Cooper Basin via Beach Energy, this is a US\$349 million farmin deal over two stages and over a number of years

In addition to this, Icon has been granted a put option by Beach Energy, exercisable by Icon up to 30 June 2013, where Icon can require Beach Energy to acquire a 4.9% interest in ATP 855 from Icon on payment by Beach Energy of US\$18 million

Chevron Australia add to a growing list of overseas companies investing in gas projects in Australia such as, Hess, BG Group, Total, ConocoPhillips and Statoil. These companies don't invest unless they have undertaken a great deal of due diligence on the potential investment and they can see the opportunity.

Given the size of the prize and the estimated potential of shale gas in the Cooper Basin, I'm confident there will be more international investment in shale gas resources as well as a further rationalisation of gas assets

Drillsearch recently reported and I quote, **"Our focus on the Cooper Basin Unconventional Resources continues to attract interest from international parties seeking to secure a foothold in the Cooper Basin"** (Source: Drillsearch Q2 Report Dec 2012)



## ATP - 855P (Icon 40%) Attracts World Class JV partner – Chevron

- Beach Energy announced a farm out up to 60% of its interest in PEL 218 (Beach 100%) and ATP 855P (Beach 60%, Icon 40%) to Chevron<sup>1</sup>
- Envisaged two stage work program in PEL 218 and ATP 855P, with Beach to potentially receive payments totalling US\$349 million
- Icon Energy retains 40% interest in ATP 855P
- Icon has put option to sell 4.9% of ATP 855P to Beach Energy for US\$18 million<sup>3</sup>
- Icon Welcomes Chevron as a JV partner to ATP 855P
  - ✓ Global experience and leading technical capability
  - ✓ Unconventional resource experience:
    - ✓ USA and Canada (Duvernay, Marcellus, Utica, Wolfcamp)
    - ✓ Poland, Romania, China, Lithuania and Argentina
    - ✓ Exposure to >7 million net acres
  - ✓ Outstanding exploration track record in Australia
  - ✓ Largest Australian E&P investor
  - ✓ Gas commercialisation/financial capability
    - ✓ Natural gas production more than 4.9 Bcf/d
    - ✓ US \$225 billion market cap (as at 21 Feb 2013)
  - ✓ 57,000 employees

### ATP 855 – Beach Energy Transaction

Stage 1	Chevron acquires initial 18% from Beach Energy for US\$59 million cash
Stage 2	Chevron acquires further 18% from Beach Energy for US\$36 million cash <sup>2</sup>

Icon Put Option	Icon put option to sell 4.9% to Beach Energy for US\$18 million <sup>3</sup>
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1. Subject to a number of conditions and approvals  
 2. Chevron election to proceed to acquire stage 2 in the period from 1 September 2014 to 31 March 2015  
 3. Put option exercisable by Icon up to 30 June 2013

Beach Energy announced a farm out up to 60% of its interest in PEL 218 (Beach 100%) and ATP 855P (Beach 60%, Icon 40%) to Chevron<sup>1</sup>

Envisaged two stage work program in PEL 218 and ATP 855P, with Beach to potentially receive payments totalling US\$349 million

Icon Energy retains 40% interest in ATP 855P

Icon has put option to sell 4.9% of ATP 855P to Beach Energy for US\$18 million<sup>2</sup>

Chevron has global experience and has a leading technical capability, Unconventional resource experience:

Operations in USA and Canada (Duvernay, Marcellus, Utica, Wolfcamp)

Poland, Romania, China, Lithuania and Argentina

Exposure to >7 million net acres

Outstanding exploration track record in Australia, long history in Australia and 3000 employees

Largest Australian E&P investor

Gas commercialisation/financial capability

Natural gas production more than 4.9 Bcf/d

US\$225 billion market cap (as at 21 Feb 2013)

57,000 employees, and I understand this includes 3000 in Australia

Now what did the media make of all this



### Sunny side up for Beach- Chevron deal

Courier Mail 26<sup>th</sup> February 2013

### Chevron nabs stakes in two shale gas projects

Gold Coast Bulletin 26<sup>th</sup> February 2013

### Chevron's shove-along for Aussie shale

Business Spectator  
Published, 25 Feb 2013

### Chevron move boosts Cooper Basin prospect

HOPEs of tapping vast quantities of shale and tight gas in the Cooper Basin have taken a step forward with oil company Chevron committing up to \$US349 million to an exploration joint venture with local players Beach Energy and Icon Energy.

Sydney Morning Herald 26<sup>th</sup> February 2013

### Chevron puts spark into shale gas stocks

Financial Review P. 26 Feb 2013

### Beach Energy to farm out exploration acreage to Chevron; to receive US\$349m in two stages over several years

Adelaide Advertiser 25<sup>th</sup> February 2013

### Chevron set to take Beach gas stake

Beach managing director Reg Nelson said it was an important step for Cooper Basin gas development. "We look forward to working closely with Chevron and Icon Energy in the continued rejuvenation of the Cooper Basin."

Icon Energy is Beach's joint venture partner in ATP 855

7 News 25<sup>th</sup> February 2013

### Chevron link to Beach in shale gas play

Beach shares rose 5.8 per cent, while Icon shares jumped 13 per cent

Australian Financial Review - 25 Feb 2013

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Over the past few days you have possibly read some of these headlines;

- Chevron boosts Cooper Basin prospect
- Chevron puts sparkle into gas stocks
- Now what does all this mean to Icon Energy?





World class resource

- Huge Cooper Basin shale gas resource potential
- ATP855P estimated 300+TCF GIIP (gross)
- Halifax-1 contains the thickest shale section and gas saturated zone encountered to date
- Halifax-1 (and nearby wells) have de-risked the resource
- Commercial Shale Gas well: Moomba -191 located nearby



Upcoming catalysts

- Multi-stage hydraulic stimulation of the Halifax-1 well now completed
- Flow testing commenced in mid February
- Material 2C Contingent Resource booking expected Q2 2013
- Broader drilling and production testing program in 2013 (subject to JV approval)
- Gallus Seismic (423km 2D) data processing completed Q1 2013



Fast track commercialisation

- Potential to monetise early gas production via existing facilities
- Potential pilot production phase anticipated in Nappamerri Trough in 2013-2014



Broader unconventional portfolio

- Additional unconventional gas plays in the Gippsland and Surat Basins
- 5.5million acres of tenements (gross)
- Active 2013 – 2015 program with the objective of booking over 2Tcf of 2P reserves
- Significant long term off take agreements with Stanwell Corporation and Guodian / Shantou SinoEnergy\* (\* 2mtpa LNG for 20 years)



Near Term

Medium to Long Term

Source: ASX and company filings

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**World class resource**

The 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 borders

This could potentially be a resource for hundreds of years to come

**Upcoming catalysts**

The Halifax-1 shale gas well is the largest saturated gas column drilled to date in Australia (1300 metres) it has the thickest REM, thick Patchawarra Formations all over pressured and more on this a little later

A14 stage Hydraulic Stimulation of Halifax-1 is now completed; and over 700 hydraulic stimulations in Cooper Basin have been completed to date

The flow testing of Halifax-1 commenced in mid February 2013

**Fast track commercialisation**

Every well drilled continues to de-risk this shale play Moomba-191; 1<sup>st</sup> commercial shale gas well located near by to Halifax-1

**Broader portfolio**

We have assets in the Cooper, Surat and the Gippsland Basins and we are focussed on developing over 2Tcf 2P reserves in the short to medium term



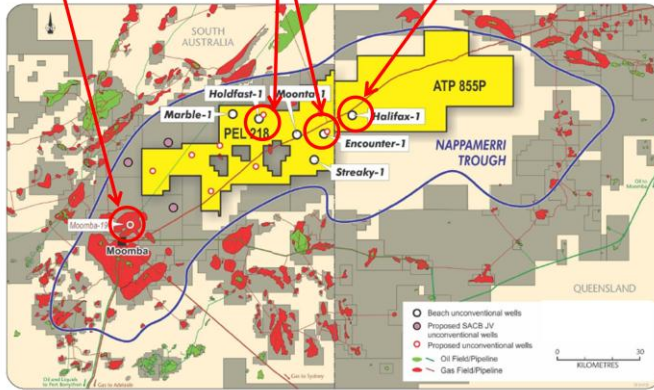


## Cooper Basin (ATP855P) – Icon 40%, Beach Energy 60%

Moomba-191 drilled, tested and producing commercial shale gas within 12 months

Holdfast-1 and Encounter-1 have booked 1.3Tcf of 2C Contingent Resources

Halifax-1 (Icon 40%) drilled October 2012 discovered thickest section of REM and Patchawarra to date - located ~2km from pipeline



Source: Beach Energy

**ATP855P is located close to existing gas processing infrastructure allowing fast track commercialisation**

Source: ASX and company filings

- 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
- Moonta-1 flowed 1.6 MMscfd (1.5 inch choke in place)
- Moomba-191 (Santos/Beach/Origin) flowed over 3MMscfd and declared commercial by Santos – tied into the Moomba facilities and now producing sales gas

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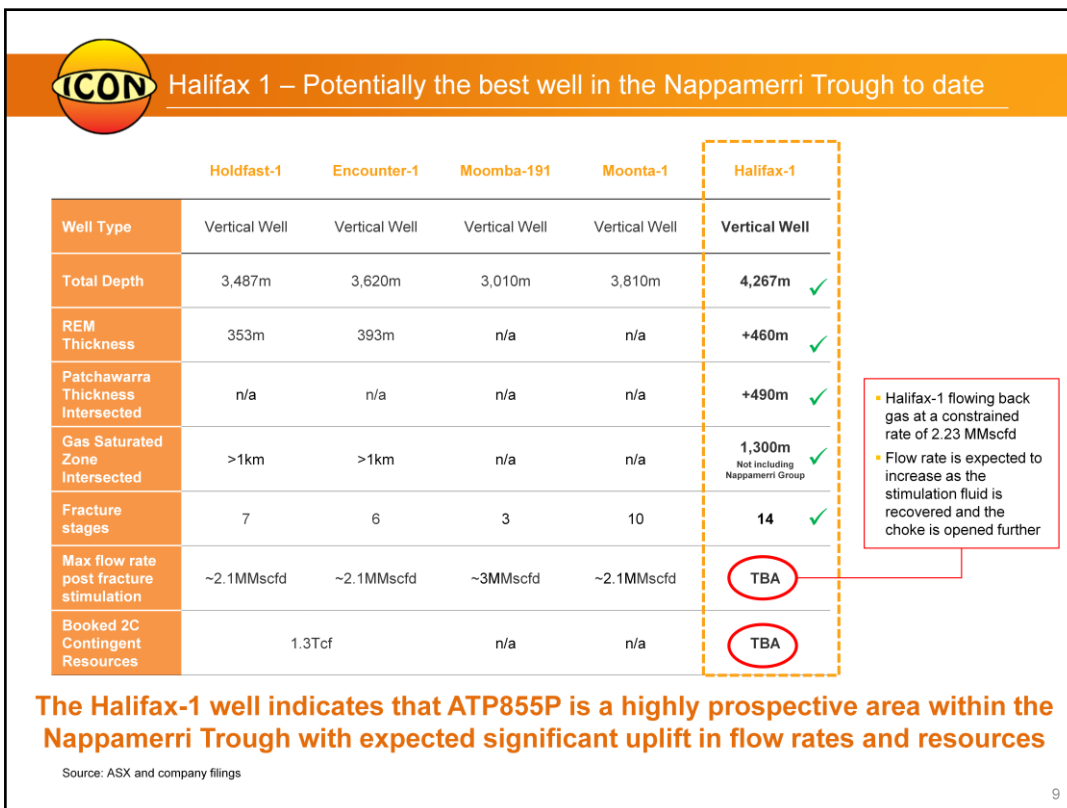
In July, Mr Reg Nelson MD of Beach Energy said “ **there is little reason why the 300TCF plus gas in place in PEL 218, can not be replicated in ATP 855P**”

The capital expenditure on unconventional gas is well over \$1billion (Santos \$800 million over 10 years alone) and Beach Energy are drilling 11 unconventional wells, including 4 horizontal wells and undertaking 10 hydraulic stimulations November 2012- October 2013.

In ATP 855P the flow testing of Halifax-1 commenced in mid February 2013, initially 2.23MMScf/d constrained and each day we move closer to a stabilised flow rate

Beach Energy’s Moonta-1 has flowed 1.6MMscfd with a 1.5 inch choke and the Moomba-191 (Santos, Beach & Origin Energy) was commercial within 12 months, 3.0MMscf/d

The tenement is adjacent to excellent gas infrastructure Very encouraging results Halifax-1; Mr Reg Nelson, Managing Director of Beach, said: “**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.**”



Halifax-1 compares favourably to other nearby wells drilled in the Nappamerri Trough. We believe the results so far at Halifax-1 could imply higher gas yields and potential higher gas flow rates

Halifax-1 flowed gas at 200,000 scf/d constrained from Nappamerri Group. I will come back to this later in relation to our interest in the post permian section, in tenement PEL 218

Over 1300m+ gas saturation in Halifax-1 compared to 1000 + metres in Moonta-1(PEL 218) The thickest gas saturation to date

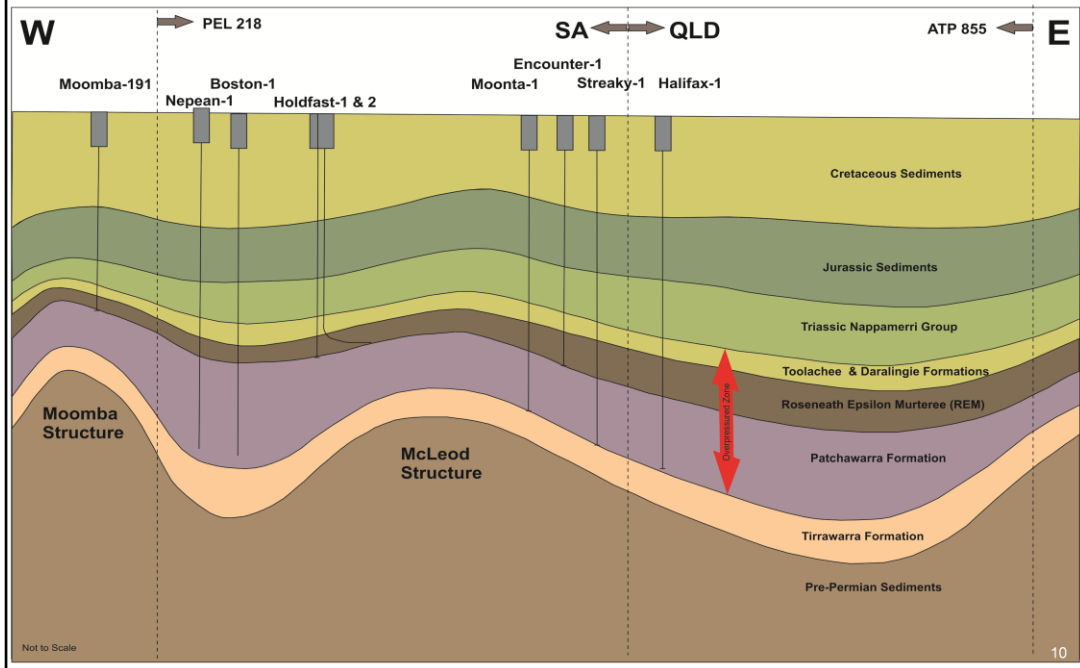
Halifax-1 has the thickest REM 460 metres, nearly 20% thicker than Encounter-1 a thick Patchawarra formation of over 490 metres

Four horizontal wells to be drilled and stimulated in PEL 218 in 2013 (Beach Energy)

Halifax-1; 14 stage hydraulic stimulation now completed and as I mentioned earlier flow testing is under way



ATP855P is in a highly prospective area within the Nappamerri Trough

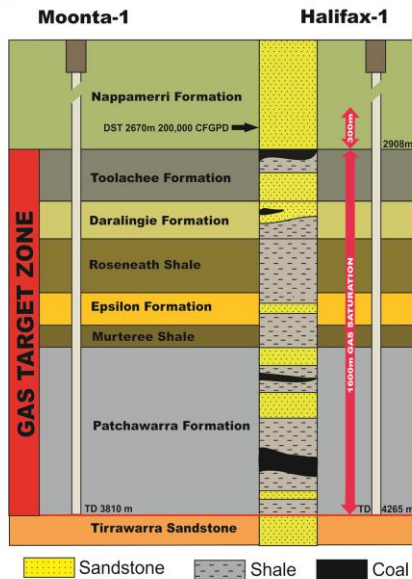


This is view of the Nappamerri Trough from the west to the east across PEL 218 and ATP 855P in Queensland showing the various formations with a focus on the REM and Patchawarra formations and in this slide you can see the first horizontal well, Holdfast-2 is a 3000m vertical and 1600m horizontal well currently being drilled in the Murteree formation by Beach Energy in PEL 218 (BPT100%)

The over pressured zones in Halifax-1 assist flow rates and the deeper formations allow for greater hydraulic stimulation options



## Halifax 1 Over 1,300 metres Gas Saturation



- **Ownership**
  - Beach Energy 60% (operator)
  - Icon Energy 40%
- Wells Drilled
  - Halifax-1 Vertical Well
- **Activity**
  - Total Depth 4267 metres
  - Over 1300 metres+ gas saturation (Icon estimate - subject to further analysis)
  - Thickest REM section (460 metres) to date
  - Thick Patchawarra section (490 metres)
  - Deeper REM and Patchawarra provide greater fracturing options
  - DST in Nappamerri formation flowed 0.2MMscf/d constrained
  - Over pressured throughout
  - Halifax-1 Hydraulic Stimulation completed
- **Other benefits**
  - Halifax-1 is 2km from gas pipelines
  - Coexistence with rural stakeholders
  - Semi-desert country, low population, stable environment, abundant artesian water
  - Relatively flat topography

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This diagram shows the direct comparison of Halifax-1 showing a greater gas saturation zone when compared to Moonta-1 in PEL 218

We must remember, Halifax -1 is the first shale gas well to be drilled in over 414,000 acres in ATP 855P

In the Nappamerri Formation at around 2200 metres we made a gas discovery and this was indeed an unexpected bonus, the Drill Stem Test at 2663m to 2681m flowed a constrained 200,000scf/d

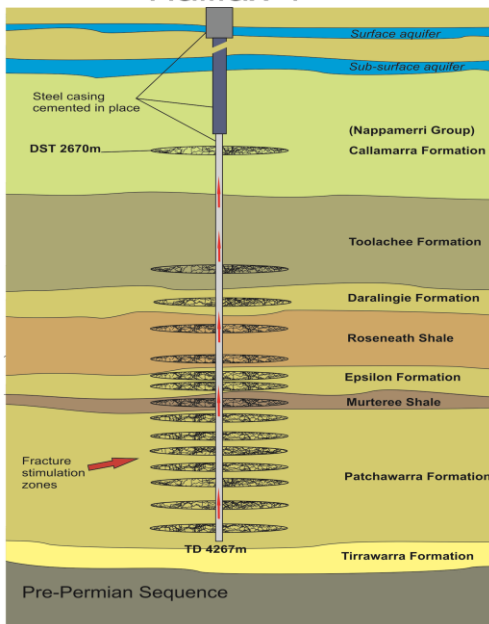
Icon Energy also have a 33% interest in the Post Permian section of PEL 218 and we believe this gas discovery may in fact be contiguous across both tenements

If the flow rates in the Triassic sediments above the primary objective in the Permian sediment prove to be commercial, then this may change the economics in ATP 855P; shallower wells = cheaper wells



## 14 Hydraulic Stimulations in 6 Formations

### Halifax-1



#### Hydraulic Stimulations

- 1 stage in each of the Toolachee and Daralingie Formations
- 2 stages in the Roseneath Formation
- 2 stages in the Epsilon Formation
- 1 stage in the Murteree Formation, and
- 7 stages in the Patchawarra Formation
- 14 stimulations across all gas zones between 2,670 and 4,267 metres, the most stimulations of any Cooper Basin shale well to date
- Multiple (7) fracture stimulations in the Patchawarra Formation
- Halifax-1 was stimulated with a pumping rate capacity of up to 80bbls per minute of stimulation fluid
- Aquifers above Hydraulic Stimulation target zones
- Over 700 wells stimulated in Cooper Basin to date

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The hydraulic stimulation of Halifax 1 is now completed and flow testing commenced in mid February 2013, which we are very excited about

14 stages were stimulated including 7 stages in the Patchawarra

Hydraulic stimulations at depth in shale sands present learning's for us and with every well our understanding of the geological formations and how fractures react provide valuable information for our next well and hydraulic stimulations



Looking East from Halifax-1



Halifax -1 well head



Halifax- 1 hydraulic stimulation



Icon Operations Manager and Logistics Officer

A selection of images from the Halifax-1 site during the hydraulic stimulation

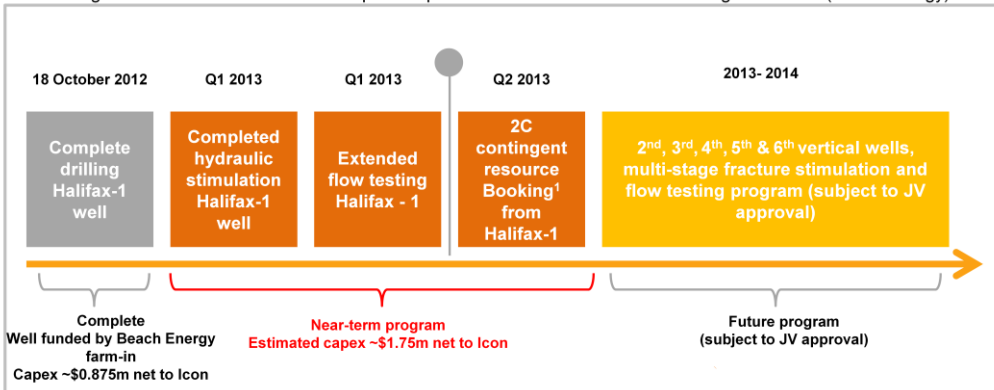
The Cooper Basin is an arid part of Central Australia, minimal pastoral activity, non agricultural, abundant artesian water and high temperatures (50c plus in January)

The industry has good relations with landholders and Indigenous Australians across the Cooper Basin and the basin is served by excellent gas infrastructure and a large investment is continuing to endeavour to flood proof critical infrastructure and access roads





- 14 stage hydraulic stimulation of Halifax-1 is now completed
- Extended flow test for a period of several weeks commenced in mid February 2013
- Significant 2C Contingent Resource booking from Halifax-1 expected to be available in Q2 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
- Investigate horizontal and vertical development options. Holdfast 2 horizontal well being drilled now (Beach Energy)



So what's happened so far, Beach Energy have stimulated Moonta-1, Streaky-1, & Halifax-1

Flow testing Halifax-1 commenced in mid February and a 2C resource is expected to be booked in Q2 2013 subject to successful flow testing

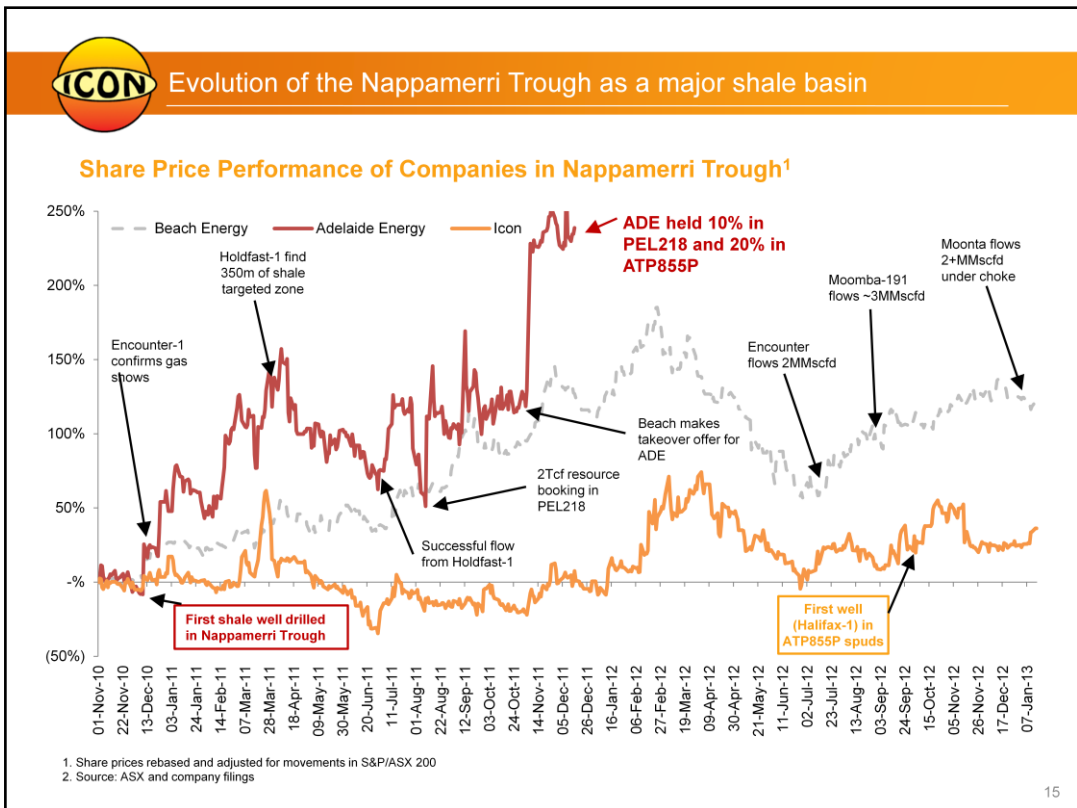
Beach Energy expected to upgrade resources to reserves in 2013

Early monetisation of gas via adjacent infrastructure ie gathering lines etc

The joint venture will be drilling, an additional 5 shale gas wells subject to joint venture approval in ATP 855P during 2013-2014 to meet the tenement commitment

These activities further de-risk shale gas exploration





Clearly the companies with assets in the Cooper Basin and more particularly, unconventional gas opportunities have performed well in the market

Exploration success including drilling, hydraulic stimulation and flow testing activities and booking contingent resources have driven share prices higher

Beach Energy has been the leader in unconventional gas and has seen the benefits in share price appreciation

Adelaide Energy potential (unconventional assets) was realised by Beach Energy

We believe the hydraulic stimulation and successful flow testing of Halifax -1 will provide a real near term catalyst for Icon Energy



- ✓ **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**
  - ✓ Fracture stimulation completed and extended production testing at Halifax-1 (Q1 2013)
  - ✓ 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
- ✓ **Successful extension to Shantou SinoGas contract for 40Mtpa LNG over 20 years**
  - ✓ Extension deadline for "Conditions Precedent" to on or before 30 June 2014

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The Nappamerri Trough is a potential world class gas asset and the most advanced shale province in Australia and as I mentioned earlier, there is unprecedented interest in Australia's shale gas program by media and international E&P companies

People are now re-evaluating the gas supply options and are focussing attention on supplying gas from the Cooper Basin. Icon has a strong position in the Cooper Basin and we are well positioned into the future

We will continue to see an increase in community opposition to CSG exploration in NSW and in the Surat Basin in Queensland and this opposition has made land access more difficult, more expensive and it takes far longer to reach landholder agreement. CSG Regulations are continually being changed mid project and this makes the Cooper Basin a really attractive gas supply option for the next 20 to 50 years

The growth in Asian LNG demand will continue as the population grows and incomes rise

Icon Energy has a contract for 40million tonne of LNG (2mtpa x 20 years) with Shantou SinoEnergy linked to Tapis oil pricing and a 2C Contingent Resource booking of Halifax-1 will assist us towards obtaining the necessary 2P 2Tcf reserve needed for the LNG contract

Halifax-1's gas discovery is a potential company maker for Icon Energy and it may reposition us from explorer to producer with exciting near term market catalysts



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- Thank you for your time today, it is greatly appreciated.