



16 July 2012

BEACH AND ICON TO ACCELERATE DRILLING OF HALIFAX 1

Icon Energy (**ASX: ICN**) wish to provide an update in relation to the drilling of the Halifax1 well in ATP 855P, located in the Cooper Basin, Queensland.

Beach Energy Limited ("Beach", ASX: BPT) and Icon Energy Limited ("Icon", ASX: ICN) have agreed to leverage off Beach's PEL 218 success to date by initiating the unconventional exploration program in the ATP 855P permit with a vertical exploration well. The Joint Venture plan to commence the unconventional shale and basin centred gas exploration program in ATP 855P in July 2012.

Over the past twelve months, Beach has delivered excellent results from its Cooper Basin Nappamerri Trough unconventional exploration program in PEL 218.

These results have included:

- Flowing gas from two vertical delineation wells, Holdfast-1 and Encounter-1;
- Holdfast-1 gas rate of up to 2 MMscfd and Encounter-1 at a combined rate of over 2 MMscfd, with both wells only accessing the top 50 metres of the 500-600 metre Patchawarra Formation;
- Beach booking 2 trillion cubic feet of contingent gas resource for both wells; and
- Moonta-1 drilling to the base of the Patchawarra Formation and identifying over 1,000 metres of gas saturation through the whole of the Permian section.

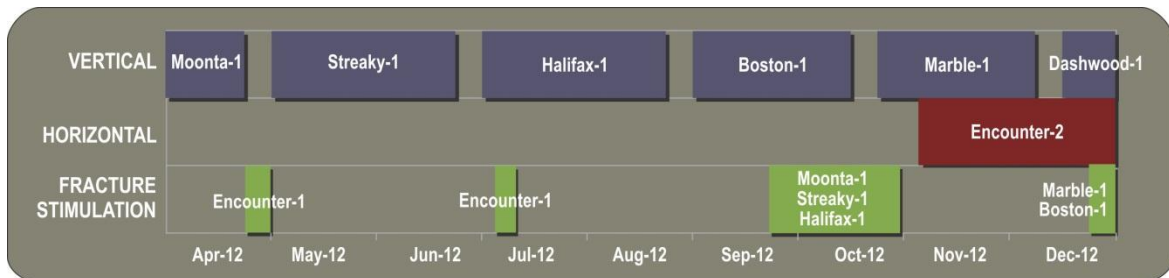
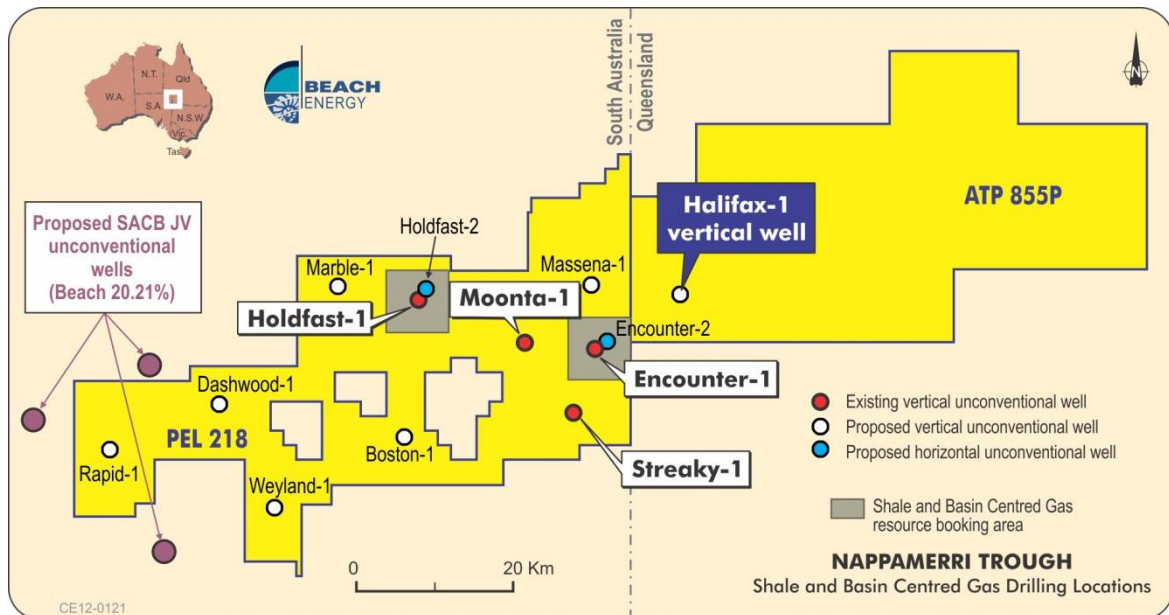
Beach are in a position as operator to bring its experience to ATP 855P, with Beach recommending, and Icon agreeing, that the latest information lends itself to a staged exploration and appraisal approach beginning with a vertical well.

The vertical exploration well, which is now expected to commence drilling at the Halifax location in July 2012, was previously planned as a horizontal well to be drilled in late September 2012. The Ensign 916 rig, which is currently contracted to Beach and working in PEL 218, will be moved to the Halifax location after the completion of the Streaky-1 well, which has reached total depth at 3,821 metres depth and is preparing to run casing. The Halifax-1 vertical exploration well will be:

- Located 12 kilometres to the east of Encounter-1;
- Extensively cored, with evaluation of the whole Permian section down to the base of the Patchawarra Formation;
- Used to identify the best targets for a future horizontal well;
- Fracture stimulated and flow tested through multiple zones, with a material contingent resource expected to be booked; and
- Will be used for micro-seismic monitoring of a future horizontal well.

The financial terms of the farm-in will be the equivalent of those agreed previously with Beach to retain its 40% assignment (to give Beach 60% of ATP 855P) after funding the first \$16 million relating to Halifax-1, or until the cost of completion, less a \$1.75 million contribution from Icon.

Beach Managing Director, Reg Nelson, said “The collaborative approach taken by Beach and Icon will help to confirm what we strongly believe, that the unconventional shale and basin centred gas play, taking shape in the Permian section of PEL 218, continues on the Queensland side in ATP 855P. To date we have not publicised any gas in place estimates for ATP 855P, however, should the Halifax-1 vertical well prove successful, there is little reason why the 300 Tcf plus of gas in place estimated for PEL 218, cannot be replicated in ATP 855P. We look forward to the commencement of the ATP 855P unconventional exploration program, as it will build on the extensive work undertaken by Beach to date in developing the most exciting gas play in Australia today.”



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